99TH CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
99-114

VETERANS' HEALTH CARE AMENDMENTS OF 1985

MAY 15, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MONTGOMERY, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 505]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 505) to amend title 38, United States Code, to improve the delivery of health care services by the Veterans' Administration, having considered the same, report favorably thereon with an amendment, by unanimous voice vote, and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) SHORT TITLE.—This Act may be cited as the "Veterans Health Care Amendments of 1985".

(b) REFERENCES TO TITLE 38.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—OLDER VETERANS' HEALTH CARE

SEC. 101. COVERAGE OF RESPITE CARE.

(a) AUTHORITY TO PROVIDE RESPITE CARE.—Section 610(a) is amended by striking out "or nursing home care" and inserting in lieu thereof ", nursing home care, or respite care".

(b) DEFINITION.—Section 601 is amended by inserting after paragraph (8) the following new paragraph:

"(9) The term 'respite care' means care furnished by a Veterans' Administration facility on an intermittent or temporary basis to a veteran who has been diagnosed as suffering from a chronic illness and who is receiving care in the individual's home or in a hospice program which has entered into a cooperative agreement with the Veterans' Administration to provide appropriate care for the veteran.".

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SEC. 102. DOMICILIARY CARE.

Subsection (b) of section 610 is amended to read as follows:

"(b) The Administrator, within the limits of Veterans' Administration facilities, may furnish domiciliary care to a veteran who is in need of domiciliary care if such veteran is unable to defray the expenses of necessary domiciliary care.".

SEC. 103. OUTPATIENT AND AMBULATORY SERVICES.

Section 612(f)(1)(B) is amended—

(1) by inserting ", nursing home care, or domiciliary care" after "hospital care" the first place it appears;

(2) by striking out "hospital" the second place it appears; and

(3) by striking out "in-hospital" and inserting in lieu thereof "such".

SEC. 104. TRANSFERS FOR NURSING HOME CARE.

Section 620 is amended—

(1) in subsection (a)—

(A) by striking out "care by the Administrator in a hospital" and inserting in lieu thereof "hospital care, nursing home care, or domiciliary care by the Administrator in a facility" in paragraph (1);

(B) by striking out "in such hospital" in clause (i);

(C) by striking out "or (II)" in the second sentence and inserting in lieu thereof "(II) where such nursing home care is required for the treatment of a veteran's service-connected disability; or (III)";

(2) in subsection (d), by inserting after the first sentence the following new sentence: "The Administrator may also authorize such a direct admission for any veteran who has been discharged from a hospital under the direct jurisdiction of the Veterans' Administration and who is currently receiving home health services under a Veterans' Administration hospital-based home care program."; and

(3) in subsection (e), by inserting "and for the purpose of section 641 of this title" after "For the purposes of this section".

SEC. 105. EXPANSION OF GERIATRIC RESEARCH, EDUCATION, AND CLINICAL CENTERS [GRECC] PROGRAM.

Section 4101(f)(1)(A) is amended by striking out "fifteen" and inserting in lieu thereof "25".

SEC. 106. EFFECTIVE DATE.

The amendments made by sections 101 through 105 shall take effect on October 1, 1985, and shall apply to care furnished, and to direct admissions occurring, on or after that date.

SEC. 107. REVISION OF STATE HOME CONSTRUCTION GRANT PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Subsection (a) of section 5033 is amended to read as follows:

"(a)(1) There is authorized to be appropriated to the Administrator for grants under this section—

"(A) the sum of $40,000,000 for fiscal year 1986;

"(B) the sum of $50,000,000 for fiscal year 1987; and

"(C) the sum of $60,000,000 for fiscal year 1988.

"(2)(A) The Administrator shall submit each year to the Committees on Veterans' Affairs of the Senate and House of Representatives a report concerning the operation of this section during the preceding and current fiscal year.

"(B) Each such report shall include—

"(i) a list of those States that have submitted materials to the Administrator that the Administrator considers to be a preapplication for a grant under this subchapter and which a grant has not been made; and

"(ii) the Administrator's recommendations as to the relative priority to be given to each project for which such a preapplication had been received.

"(2) Each report under this subsection for a fiscal year shall be submitted at the same time that the President's budget for the next fiscal year is submitted to Congress.".

(b) GRANTS MADE BY PRIORITY OF PROJECTS.—(1) Subsection (b) of section 5035 is amended to read as follows:

"(b)(1) Upon receipt of material from a State that the Administrator considers to constitute a preapplication for a grant under this subchapter, the Administrator shall determine—

"(A) whether the project for which the grant is proposed generally meets the requirements of this subchapter; and

"(B) the need for the project described in the preapplication relative to the need for projects described in other such preapplications that have been received by the Administrator.

"(2) In determining the relative need for a project described in such a preapplication, the Administrator shall consider—

"(A) the projected number of veterans who may apply for admission to the facility over the facility's useful life;

"(B) the presence of Veterans' Administration facilities in the geographic area of the proposed project (including Veterans' Administration facilities in adjacent States) that may be available to provide nursing home or domiciliary care to such veterans;

"(C) the number of other vacilities in the geographic area of the proposed facility that may be available to provide nursing home or domiciliary care to such veterans; and

"(D) such other matters as the Administrator considers appropriate.

"(3) Upon receipt of an application for a grant under subsection (a) of this section, the Administrator—

"(A) shall determine whether the application meets the requirements of this section and of the regulations prescribed under section 5034 of this title; and

"(B) shall notify the State submitting the application whether the application conforms with those requirements and, if it does not, of the actions necessary to bring the application into conformance with those requirements.

"(4) After determining the relative need for a project with respect to which an application for assistance under this subchapter has been submitted, the Administrator, subject to paragraph (5) of this subsection, may approve the amount of assistance applied for in the application in whole or in part.

"(5) An application for assistance under this subchapter may not approved unless the Administrator determines—

"(A) that the project meets the standards prescribed under section 5034(2) of this title; and

"(B) that completion of the project, when considered together with other facilities for which grants have been made under this subchapter and other facilities, would not result in there being in the State concerned a number of beds available for the furnishing of nursing home care to veterans in that State more than the number of beds prescribed by the Administrator under section 5034(1) of this title for that state.".

(2) Subsection (d) of such section is amended—

(A) by striking out the first sentence; and

(B) by striking out "Such certification shall provide for payment" in the second sentence and inserting in lieu thereof "The amount of a grant under this subchapter shall be paid".

(c) TECHNICAL AMENDMENT.—Section 5031 is amended by redesignating paragraphs (a), (b), and (c) as paragraphs (1), (2) and (3), respectively.

(d) REPEAL OF LIMIT ON GRANTS TO ANY STATE.—Section 5035(d) is amended—

(1) by striking out "(1)"; and

(2) by striking out paragraph (2).

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1985.

(f) TRANSITION PROVISIONS.—A State which files documents with the Veterans' Administration before October 1, 1985, that the Administrator considers constitute a preapplication for a grant under section 5035 of title 38, United States Code, as in effect on September 30, 1985, shall have until October 1, 1987, to file all documents necessary for a complete application for the grant. If such an application is approved by the Administrator, the grant shall be made in accordance with the procedures applicable under such section as in effect on September 30, 1985.

TITLE II—OTHER HEALTH CARE PROGRAM AMENDMENTS

SEC. 201. CLARIFICATION OF REQUIREMENT OF CONGRESSIONAL AUTHORIZATION OF MEDICAL FACILIITY CONSTRUCTION AND ACQUISITION PROJECTS.

Section 5004(a)(1) is amended—

(1) by inserting "(A)" after "unless"; and

(2) by inserting after "cost thereof" the following: ", (B) the appropriation law making the appropriation specifies the medical facility for which the appropriation is made and the amount appropriated for the project, and (C) the amount appropriated for the project (when added to any amount previously appropri-

ated for the project) does not exceed the estimated cost of the project as set forth in the pertinent committee resolutions".

SEC. 202. STUDENT NURSES.

(a) APPOINTMENTS.—Section 4114(a)(3) is amended—

(1) by striking out "shall not" in the second sentence of subparagraph (A) and inserting in lieu thereof "may"; and

(2) by adding at the end the following new subparagraph:

"(C) Any individual other than a student nurse technician who receives an appointment that is limited by this sectioin to one year may not be reappointed.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 1985.

SEC. 203. PERMANENT AUTHORIZATION FOR HARLFWAY HOUSES.

(a) TERMINATION OF STATUS AS PILOT PROGRAM.—Subsection (a)(1) of section 620A is amended—

(1) by striking out "may conduct a pilot program under which the Administrator"; and

(2) by striking out the second sentence of such subsection.

(b) TERMINATION OF PROGRAM.—Subsection (e) of such section is amended by striking out "after the" and all that follows and inserting in lieu thereof "after September 30, 1988".

(c) REPORT.—Subsection (f) of such section is amended to read as follows:

"(f) Not later than December 31, 1987, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the operation of the program authorization by this section.".

(c) CLERICAL AMENDMENTS.—(1) The heading of such section is amended to read as follows:

"§ 620A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities"

(2) The item relating to such section in the table of sections at the beginning of chapter 17 is amended to read as follows:

"620A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities.".

SEC. 204. CONTRACT-CARE AUTHORITY OUTSIDE THE 48 CONTIGUOUS STATES.

(a) THREE-YEAR EXTENSION OF TERMINATION DATE.—Section 601(4)(C)(v) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

(b) PHASE-OUT OF EXTRAORDINARY AUTHORITY IN PUERTO RICO.—(1) Effective on October 1, 1987, such section is amended by striking out "to the Commonwealth of Puerto Rico and".

(2) During fiscal year 1986, the excess load may not exceed 75 percent of the excess load for fiscal year year 1985.

(3) During fiscal year 1987, the excess load may not exceed 50 percent the excess load for fiscal year 1985.

(4) For the purposes of this subsection, the term "excess load" means the extent to which (under the waiver authority of the Administrator under section 601(4)(C)(v) of title 38, United States Code)—

(A) the hospital patient load and the incidence of the provision of medical services by the Veterans' Administration to veterans in Puerrto Rico during a fiscal year, exceed

(B) the hospital patient load and the incidence of the provision of medical services for veterans hospitalized or treated by the Veterans' Administration within the 48 contiguous States during that fiscal year.

SEC. 205. HEALTH PROFESSIONALS SPECIAl PAY.

(a) CLARIFICATION OF SPECIAL PAY.—Paragraph (4) of subsection (e) of section 4118 is amended to read as follows:

"(4) A physicain or dentist who becomes employed in the Department of Medicine and Surgery and who thereafter enters into an agreement under this section is entitled to special pay beginning on the date on which the agreement is entered into, or the date on which the physician or dentist becomes employed, whichever date is later.".

(b) TREATMENT OF SPECIAL PAY IN COMPUTATION OF ANNUITIES.—Subsection (f) of such section is amended—

(1) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) Except as provided in paragraph (4) of this subsection, additional compensation paid as special pay under this section after September 30, 1980, to a full-time employee shall be included in basic pay for purposes of chapter 83 of title 5."; and

(2) by adding at the end the following new paragraph:

"(4)(A) Except as provided in subparagraph (B) of this paragraph, special pay paid to a full-time employee after September 30, 1980, shall be included in average pay (as defined in section 8331(4) of title 5) for the purposes of computing an annuity under such chapter only if—

"(i) the annuity is paid under section 8337 of such title or under subsection (d) or (e) of section 8341 of such title; or

"(ii) the employee has completed not less than 15 years of full-time service in the Department of Medicine and Surgery.

"(B) Special pay may not be included in average pay in computing an employee's annuity that commences before October 1, 1985. Special pay paid after September 30, 1980, shall be included in average pay in computing an annuity that commences on or after October 1, 1985, as follows:

"(i) 50 percent of such special pay shall be included in computing an annuity that commences after September 30, 1985.

"(ii) 60 percent of such special pay shall be included in computing an annuity that commences after September 30, 1986.

"(iii) 70 percent of such special pay shall be included in computing an annuity that commences after September 30, 1987.

"(iv) 80 percent of such special pay shall be included in computing an annuity that commences after September 30, 1988.

"(v) 90 percent of such special pay shall be included in computing an annuity that commences after September 30, 1989.

"(vi) 100 percent of such special pay shall be included in computing an annuity that commences after September 30, 1990.

(c) REQUIREMENT OF PERFORMANCE RATING OF FULLY SATISFACTORY.—Subsection (a)(2) os such section is amended—

(1) by striking out "or" at the end of clause (b);

(2) by striking out the period at the end of clause (C) and inserting in lieu thereof a comma and "or"; and

(3) by adding at the end the following new clause:

"(D) receives a performance rating of less than fully satisfactory.".

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301 AUTHORITY TO RELEASE LIMITAITON ON USE OF REAL PROPERTY, MC KINNEY, TEXAS.

(a) IN GENERAL.—The administrator of Veterans' Affairs may execute such insturments as may be necessary to release the limitation to recreational purposes only on the use of the land described in subsection (b).

(b) LAND DESCRIPTION.—The land referred to in subsection (a) is two parcels of land, consisting of a total of 38.741 acres, that were conveyed by the Administrator to the city of McKinney, Texas, by deed of May 5, 1965, under the authority of Public Law 88-438 (78 Stat. 444, approved August 14, 1964).

SEC. 302 LAND TRANSFER, PHOENIX, ARIZONA.

(a) REQUIREMENT FOR INTERGOVERNMENTAL LAND TRANSFER WITHOUT REIMBURSEMENT.—The real property described in subsection (b) shall be transferred without compensation or reimbursement from the control and jurisdiction of the General Services Administration to the control and jurisdiction of the Veterans' Administration.

(b) LAND DESCRIPTION.—The land referred to in subsection (a) is a tract of land consisting of 3.4 acres, more or less, in Phoenix, Arizona, that—

(1) was formerly part of the Veterans' Administration Medical Center, Phoenix, Arizona; and

(2) was declared to be excess to the needs of the Veterans' Administration in a report to the General Services Administration dated September 25, 1959.

SEC. 303. DEMONSTRATION PROJECTS FOR CHIROPRACTIC CARE.

(a) AUTHORITY TO CONDUCT DEMONSTRATION PROJECTS.—(1) The Administrator of Veterans' Affairs shall conduct demonstration projects for the purpose of evaluating the cost-effectiveness and medical effectiveness of providing chiropractic care compared to medical care for veterans with neuromusculoskeletal conditions. In the conduct of such demonstration projects, chiropractice care may be provided in private facilities or chiropractic colleges as approved in guidelines issued by the Administrator.

(2) Such demonstration projects shall be carried out in three geographically-dispersed locations in the United States.

(3) In the conduct of such demonstration projects, the Administrator shall consult with the Secretary of Defense concerning the conduct of demonstration projects by the Secretary of Defense under section 632(b) of the Department of Defense Authorization Act, 1985 (Public Law 98-525).

(b) CONSULATION WITH MEDICAL AND SCIENTIFIC AUTHOITIES.—In designing, conducting, and evaluating such demonstration projects, the Administrator shall obtain advice and recommendations from recognized medical or scientific authorites in the treatment of neuromusculoskeletal conditions. The Administrator shall ensure that there is adequate participation by chiropractors in the design and evaluation of the demonstration projects, including participation by representatives from chiropractic colleges recognized by an approved accrediting organizaition.

(c) REPORT.—After consulting with the Secretary of Defense, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and House or Representatives a report on the results of the demonstration projects conducted pursuant to subsection (a). The report shall be submitted not later than October 1, 1988.

SEC. 304. VETERANS' ADMINISTRATION MANAGEMENT PROVISIONS.

(a) PROSTHETICS SERVICE.—(1) The Administrator of Veterans' Affairs may undertake the administrative recorganization described in parapraph (2) without regard to the requirements of section 210(b)(2) of title 38, United States Code.

(2) The administrative reorganization referred to in paragraph (1) is a reorganization within the Department of Medicine and Surgery of the Veterans' Administration to transfer the functions of the Technology and Performance Evaluation Section and the Information and Education Service at the Veterans' Administration Prosthetics Center in New York, New York, to a new Prosthetics Assessment and Information Center in the vicinity of Washington, D.C.

(b) PERSONNEL.—Section 210(b) is amended by adding at the end the following new paragraph:

"(3)(A) The Administrator may not in any fiscal year implement a grade reduction described in subparagraph (B) of this paragraph unless the Administrator first submits to the Committee on Veterans' Affairs of the Senate and the House of Representatives a report containing a detailed plan for such reduction and the justification for a plan, including a determination by the Administrator, together with data supporting such determination, that, in the personnel area concerned, the Veterans' Administration has a disproportionate number of employees at the salary grade or grades selected for reduction in comparison to the number of such employees at the salary levels involved who perform comparable functions in other departments and agencies of the Federal Government and in non-Federal entities. Any such report shall be submitted not later than the beginning of a period of 90 calendar days (not including any day on which either House of Congress is not in session) before the implementation of any proposed grade reduction.

"(B) A grade reduction referred to in subparagraph (A) of this paragraph is a systematic reduction, for the purpose of reducing the average salary cost for Veterans' Administration employees performing certain functions, in the number of Veterans' Administration employees at any specific grade level who perform those functions.

"(C) Not later than the forty-fifth day after the Administrator submits a report pursuant to subparagraph (A) of this paragraph, the Comptroller General of the United States shall submit to such committees a report on the Administrator's compliance with such subparagraph. The Comptroller General shall include in the report the Comptroller General's opinion as to the accuracy of the Administrator's determination (and of the data supporting such determination) made pursuant to such subparagraph.".

SEC. 305. INDEPENDENT CLINIC, TOLEDO, OHIO.

(a) CHANGE OF STATUS OF EXISTING SATELLITE OUTPATIENT CLINIC.—The Administrator of Veterans' Affairs shall change the status of the Veterans' Administration satellite outpatient clinic located on Glendale Avenue in Toledo, Ohio, to that of an independent clinic.

(b) FUNDING OF INDEPENDENT CLINIC.—Within the funds available for operation of Veterans' Administration medical facilities in any fiscal year, the Administrator shall ensure that adequate funding is provided for the efficient operation of such clinic after its change in status to that of an independent clinic.

(c) EFFECTIVE DATE.—This section shall take effect on October 1, 1985.

Introduction

The Subcommittee on Hospitals and Health Care held hearings on February 7, 1985, April 25, 1985, and May 2, 1985, on legislation affecting various aspects of the Veterans' Administration's health Care programs.

The first of these hearings was held on February 7, 1985, on the Veterans' Administration's Department of Medicine and Surgery fiscal year 1986 medical budget, and also considered the Veterans' Administration's plans to address the increased workload caused by the aging veteran population projected in the VA's report, "Caring for the Older Veteran." Testimony was received from the Veterans' Administration.

On April 25, 1985, a hearing was held on H.R. 505, the Older Veterans' Health Care Amendments of 1985. Testimony was received from the veterans' service organizations and the Veterans' Administration.

On May 2, 1985, the Subcommittee received testimony from the Veterans' Administration, veterans' service organizations and the National Association of State Veterans Homes on H.R. 789, H.R. 1303, H.R. 1818, H.R. 2227, and two draft proposals to provide for participation by more States in the program of grants to States for the construction of State Veterans Homes, and to authorize the Administrator of Veterans' Affairs to conduct three demonstration projects for the purpose of evaluating the cost effectiveness of providing chiropractic care to veterans.

Subsequently, the Subcommittee unanimously recommended that H.R. 505, as amended, be reported to the full Committee in lieu of the above bills. On May 7, 1985, the full Committee unanimously ordered H.R. 505, as amended, to be reported to the House.

Summary of the Bill

H.R. 505, as reported, would:

(1) Authorize respite care for veterans suffering from chronic long-term illnesses, freeing hospital beds now occupied by those who could be cared for in their homes if some brief temporary relief for their families is available;

(2) Equalize eligibility for domiciliary care for veterans with service-connected disabilities by removing admission restrictions;

(3) Allow veterans who would otherwise remain in nursing homes and domiciliaries to receive outpatient care to complete their medical treatments which would reduce the cost of their care, and free inpatient beds for other veterans;

(4) Allow veterans in VA nursing homes, domiciliary, or hospital-based home care programs to be admitted directly into a community nursing home, rather than the current requirement to be admitted first to a VA hospital, saving costly inpatient beds. Also, veterans who require nursing home care for treatment of service-connected disabilities would be permitted to continue to receive such care without reauthorization every 6 months, and the VA would be authorized to make per diem payments of $17.05 per day to States providing intermediate

nursing care to veterans being cared for in State nursing facilities;

(5) Allow VA to expand from 15 to 25 the number of Geriatric Research, Education, and Clinical Centers (GRECCs);

(6) Direct grant monies for State Veterans Homes to areas of greatest need, but allow a 2-year continuation of the current method of "first come, first served" for States to complete pending applications. Grants under this program would be authorized to be appropriated in the amount of $40 million for fiscal year 1986, $50 million for fiscal year 1987, and $60 million for fiscal year 1988, as well as repeal the limit on the amount of grants to any State would also be repealed;

(7) Make a technical amendment to 38 U.S.C. section 5004 concerning the Committee construction resolution;

(8) Permit VA to hire for more than a 1-year period student nurses and graduate nurses who are not yet registered in a State;

(9) Extend until September 30, 1988, authorization for VA to contract with halfway houses and other community treatment facilities for treatment of veterans with alcohol or drug abuse problems;

(10) Extend for 3 years VA's authority to contract for care of non-service-connected veterans in Puerto Rico and the Virgin Islands, and provide a 3-year phase out of so-called "extraordinary" authority to contract at levels which exceed levels of comparable service in the 48 contiguous States;

(11) Permit the consideration of a higher percentage of VA physicians and dentists' special pay for retirement computation purposes by providing a graduated transition in increments of 10 percent per year to bridge between the 50 percent of such pay allowed to be considered in 1985 and the 100 percent allowed to be considered in 1990. A performance rating of fully satisfactory would be required for a physician or dentist in order to be entitled to special pay;

(12) Permit the city of McKinney, Texas to sell land previously owned by the VA;

(13) Transfer three and one-half acres of land located next to the Phoenix VA Medical Center from GSA to VA;

(14) Authorize a 3-year demonstration project at three locations to test the cost and health care effectiveness of chiropractic care;

(15) Allow the VA to move certain functions of the Prosthetics Center from New York to Washington, D.C. before October 1, 1985, and prohibit further implementation of GS 11–15 grade reductions without specific proof of overgrading at VA; and

(16) Change the status of the satellite outpatient clinic in Toledo, Ohio to an independent clinic.

Background and Discussion of the Bill

COVERAGE OF RESPITE CARE

Respite care is a relatively new concept in the array of long-term care services. In general, respite care may include a wide range of

services which offer relief to the spouse or relative who often assumes the responsibilities of caring for a dependent elderly or disabled person. In the 1960's the concept of respite care developed as an aid to the deinstitutionalization of children with developmental disabilities or mental retardation. Parents of these children exhibited symptoms of stress, anxiety and isolation, as well as a need to free some of their time and energy to care for non-disabled family members. Respite care provided some relief to these parents. The application of the concept to other age groups was indicated by the success of Federal and other demonstration projects in youth respite care programs and research studies, such as that by Lewis Butler and Paul Newacheck. Their work showed that most elderly and disabled persons are institutionalized not because of a change in health status but because of a change in marital status and living arrangements, including death of a spouse or inability of children to continue to care for them. Respite care, then, is seen as a hope of postponing or preventing institutionalization.

The Committee intends that this respite care provision be used by the VA to prevent the avoidable institutionalization of those chronically ill veterans requiring long-term care when a caregiver is available. It is the result of the Committee's awareness of the urgent need to develop coherent and comprehensive systems of care for elderly and disabled veterans and other citizens. The Committee also realizes that the rapidly growing number of aging veterns will strain the ability of the VA to care for these veterans and that a way to ease the strain must include cost effective alternatives to long-term institutional care. The Committee understands that many veterans with chronic conditions requiring long-term care may have strong desires to remain at home if at all possible. The Committee is also aware of recent research studies which suggest the families do not wish to put their family members into institutions. Yet the often unrelieved physical and emotional burdens associated with long term care can exhaust caregivers and leave no realistic option except long term, institution based care. The Committee is also aware of the human and fiscal cost implications of avoiding expensive institutional care.

The reported bill contains no uniform definition or model for respite care programs. Elements in many existing programs refer to temporary or short term relief of caregiving responsiblities by someone caring for a dependent individual, usually a family member living with them. Respite care can be used to refer to either in-home or out-of-home care, or both. The Committee has refrained from a specific definition or model of respite care due to the variety of possibly useful implementations, and in order not to preclude innovative applications of the general concept that may fit the VA in general or a specific VA facility in particular.

The Committee does not intend to duplicate the functions of the hospital-based home care program and suggests that the VA give careful consideration before implementing the in-home type of respite care. In testimony before the Committee, the VA suggest that chronically ill, service-connected veterans be provided respite care services at a limited number of facilities in conjunction with hospital-based home care programs. Such an idea is certainly within the bounds of Committee intent. The Committee expects that surplus

beds in the VA's various medical facilities will form the resource basis for VA's respite care activities.

DOMICILIARY CARE

Current law provides that the compensable service-connected veteran must have a permanent disability or require domiciliary care for tuberculosis or a neuropsychiatric condition and be incapactitated for earning a living with no adequate means of support in order to be eligible for domiciliary care. The non-service-connected veteran need only meet the requirement of no adequate means of support.

The Committee believes that the long-standing emphasis on providing services to service-connected veterans should be continued. The Committee intends that this provision would remove barriers to domiciliary care which do not exist for non-service-connected veterans.

OUTPATIENT AND AMBULATORY SERVICES

A provision of current law authorizes the VA to furnish outpatient care necessary to complete treatment which was initiated during VA hospitalization for any disability. Veterans who are discharged from other types of VA facilities such as nursing homes and domiciliaries do not have the same eligibility for necessary followup outpatient care. Thus, discharge from a nursing home may be delayed so that the patient can receive medical services to complete a course of treatment. Such extended lengths-of-stay are costly both to the veteran who remains in an institution as well as to the veteran who must wait for that bed. Unavailability of follow-up outpatient care also can become a disincentive for returning home or to other non-institutional living arrangements.

The VA has estimated that about 8 percent of VA nursing home patients would be potential candidates for return to some form of independent living if this authority were available. Further, some domiciliary patients would be able to leave an institutional setting and return to community living.

The Committee believes that improved health care would result from the opportunity to substitute ambulatory services for nursing home care and domiciliary care. The Committee also believes that a more cost effective use of VA medical care resources would result from this alternative to institution-based care. It appears that the reduced costs accompanying shorter lengths-of-stay in institutions would more than offset the costs of outpatient care and would enable the VA to meet more cost effectively the large demand for health care services. The Committee does not intend that section 103 of the reported bill would provide authority for a new program, but rather would align VA nursing home and domiciliary patient services with VA hospital patient services for purposes of followup care necessary to complete an inpatient care episode.

TRANSFERS FOR NURSING HOME CARE

Currently, transfers from VA medical facilities to community nursing homes are available only to veterans who have been fur-

nished hospital care in VA and Department of Defense (DoD) facilities immediately prior to transfer. Such direct transfer is not available to those who have been furnished nursing home or domiciliary care. The VA has said that transfers from VA nursing homes and domiciliaries occur as a result of changes in the level of care required by veterans and their desires to relocate to a community nursing home near their families and residences.

The reported bill would allow the VA to transfer veterans directly from VA nursing home care units and domiciliaries to a community nursing home would permit veterans transferring directly from VA nursing homes to community nursing homes for treatment of service-connected disabilities to continue to receive such care withour reauthorization every 6 months and would authorize the VA to make per diem payments for intermediate nursing care to State nursing home facilities.

The Committee anticipates that beds made available in VA nursing homes and domiciliaries as a result of transfers to community nursing homes would be filled by patients awaiting such beds who have been occupying more costly intermediate care or acute beds in VA hospitals or beds in VA domiciliaries.

Current law, section 620(e) of title 38, United States Code, defines "nursing home care" to include intermediate care for purposes of community nursing home admissions and of establishing costs for reimbursement. The reported bill would extend that definition to apply to reimbursement to those State Veterans Homes which provide nursing home care services. The current per diem reimbursement rate for such care is $17.05.

In keeping with its interest in providing a range of cost effective ways to provide medical care to eligible veterans, the Committee intends that this provision be supportive of the State veterans home program. The Committee believes that the present program is well-received among the States, and represents a cost-effective approach to providing nursing home care to eligible veterans.

EXPANSION OF GERIATRIC RESEARCH, EDUCATION, AND CLINICAL CENTERS [GRECC] PROGRAM

Public Law 96–330 authorized the establishment of the Geriatric Research, Education and Clinical Centers (GRECCs) at VA health care facilities. The act authorized the program through 1984 at up to 15 centers and $25 million annually for the program. The purpose of the program was to provide centers of excellence "whose goals would be to attract outstanding professionals to teach and to conduct research on aging in a clinical context, thereby having a positive effect on the provision of health care services to older veterans." The Committee, in its report on H.R. 5618, which, as amended, was enacted as Public Law 98–528, stated its belief that the VA's GRECC program should continue and authorized the appropriation of sums necessary to support the program in fiscal year 1985 and subsequent fiscal years. However, in the last 2 years, activation of GRECCs has slipped far behind schedule because of lack of appropriations. The VA, in testimony before the Committee, anticipated that only 10 GRECCs will have been activated by the end of fiscal year 1986.

The cost-effectiveness of research performed in the GRECCs is demonstrable; however, the Committee views their utility in more far-reaching terms. GRECCs are essential to the development of new and innovative approaches to geriatric medicine which are humane, effective and of appropriate quality. John W. Rowe, M.D., Director of the Division of Aging at Harvard Medical School and Deputy Director of Harvard University's Division of Health Policy Research and Education testified before the Subcommittee on Hospitals and Health Care that ". . . it is widely recognized that the VA has taken a leadership role in the development of geriatrics in this country." The well-developed and widely recognized GRECC program . . ." is an example ". . . of the V.A.'s innovative leadership in geriatrics."

In order to emphasize the Committee's views on the GRECC program, the reported bill would permit, at the VA's discretion, expansion of the number of centers up to 25. The Committee intends that this measure would:

(a) Ensure the availability of research, training, and clinical expertise in geriatrics at the local level;

(b) Allow for more extensive development of clinical research and subsequent dissemination of improved models of geriatric clinical care; and

(c) Create significantly increased resources for training health professionals in geriatrics.

REVSION OF STATE HOME CONSTRUCTION PROGRAM

The Veterans' Administration State Home Program assists States through two grant-in-aid programs. First, the VA makes per diem payments for care provided to eligible veterans in recognized State veterans homes. The payments are for up to one-half the cost of care not exceed $7.30 per diem for domiciliary care; $17.05 per diem for nursing home care; and, $15.25 per diem for hopital care.

Second, the VA may provide up to 65 percent of the cost of constructing or acquiring domicilliary or nursing home care facilities and up to 65 percent of the cost of remodeling existing buildings for the provision of domiciliary, nursing home or hospital care in State homes.

As of May 1985, 34 States had established State homes. Since some States have more than one home, there is a total of 47 homes and three annexes. There are 42 domiciliaries, 42 nursing homes, and 7 hospitals. State homes in Augusta, Maine, and Charlotte Hall, Maryland, were recently recognized. A new State home is under construction in New Mexico.

A major revision in the State Home Program resulted with the enactment of Public Law 88–450, effective August 19, 1964. To further encourage the States to provide nursing home care beds, the act authorized a 5-year program, supported by an appropriation of $5 million per year of matching grants to States for the construction of additional State home facilities to furnish nursing home care to war veterans. The VA could provide up to 50 percent of the cost of constructing nursing homes.

In 1969, Public Law 91–178 expanded grants to States for assistance in remodeling, modification, or alteration of existing hospital

or domiciliary facilities in State homes providing care and treatment for verterans. Public Law 93–82, enacted in 1973, changed the maximum VA contribution from 50 percent to 65 percent and limited beds to two and one-half per 1,000 veteran population of a State. In 1977, Public Law 95–62 expanded the programs by redefining constrction to mean new domiciliary or nursing home buildings and the expansion, remodelling, and alteration of existing buildings for the provision of domiciliary, nursing home, or hospital care in State homes. That act also provided initial equipment for such buildings. The act changed the veteran occupancy requirement in State homes receiving a construction grant from 90 percent to 75 percent. It also changed the amount that any one State might receive in any fiscal year to one-third of the amount appropriated in that fiscal year. Public Law 96–151 removed the $15 million limitation on amounts authorized for construction grants.

Public Law 96–330, enacted in 1980, removed the limitation of two and one-half beds per 1,000 veteran population in a State. In 1984, the Congress enacted Public Law 98–528, which permitted States to acquire existing buildings for use as State home facilities as long as the costs of acquisition plus renovation do not exceed the cost of equivalent new construction.

Since fiscal year 1975, the following amounts have been appropriated for the Construction Grant Program:

Fiscal year:	*Millions*
1975	$9.700
1976	10.000
1977	10.000
1978	15.000
1979	10.000
1980	7.500
1981	15.000
1982	15.840
1983	18.060
1984	18.000
1985	34.500

Under existing law, a State which submits an application meeting the requirements of sections 5034 and 5035 of title 38, United States Code, is entitled to the amount of the grant applied for, subject to the availability of appropriated funds to make the grant. The program has been described as a "State-rights" program, implying that a State is entitled to a grant which it properly applies for when funds are appropriated by the Congress to award the grant. Since 1975, the amount of funds sought by States for eligible projects has substantially outstripped the funds appropriated by the Congress. As a result, the Veterans' Administration has adopted a practice of ranking grant applications according to the date on which the State files a formal "preapplication" for the grant. As of April 30, 1985, there was 68 eligible preapplications and applications pending. The total estimated cost of these projects to the Federal Government is approximately $181 million. Unobligated balances of funds appropriated totaled approximately $48 million, leaving $133 million of eligible preapplications to be funded by appropriations in future fiscal years. The list of projects pending follows.

ELIGIBLE PREAPPLICATIONS AND APPLICATIONS FOR GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

[Pending approval—dollars in thousands—April 30, 1985]

FAI No.	State (locality)	Project	Estimated grant request
24-004	MD (Charlotte Hall)	(4th Phase—126 Dom./NH Beds)	$5,298
08-007	CO (Rifle)	New State Home—100 NHC Beds	2,426
42-006	PA (Hollidaysburg)	Boiler Plant Modifications	597
17-007	IL (Quincy)	Renovation Andrew	351
17-008	IL (Quincy)	Energy Conservation	117
17-009	IL (Quincy)	Fire Safety	325
26-002	MI (Grand Rapids)	Replacement Mann—226 NH Beds	11,003
06-008	CA (Yountville)	Hospital Addition—56 Beds	7,307
06-009	CA (Yountville)	Remodel Dom—C	2,384
06-010	CA (Yountville)	Remodel Dom—A	1,808
06-014	CA (Yountville)	Rem. Sec. D Dom—Life Safety	1,853
26-003	MI (Marquette)	New State Home 155 D/N	2,652
34-009	NJ (Parumus Phase I)	New State Home—114 Bed NH	6,108
34-010	NJ (Parumus Phase II)	New State Home—100 Bed NH	5,054
34-011	NJ (Parumus Phase III)	New State Home—100 Bed NH	5,131
23-001	MS (Jackson)	New State Home—150 Bed NH	4,388
30-002	MT (Columbia Falls)	50—Bed NH Wing	1,203
25-029	MA (Chelsea)	Elevators	78
25-030	MA (Chelsea)	Renovations	76
06-012	CA (Yountville)	Remodel Hospital Ward 1A	118
37-N003	PA (Hollidaysburg)	Renovations-NHC-Grant Increase	99
37-N004	PA (Hollidaysburg)	Renovations-DOM-Grant Increase	191
13-004	GA (Milledgeville)	150 Bed NH	4,550
27-006	MN (Hastings)	Grant Increase	474
17-010	IL (Quincy)	Life Safety-Fire Alarm	144
42-008	PA (Hollidaysburg)	Renovation-Sommer-225 NH Beds	4,091
06-013	CA (Yountville)	Rem. Sec. B to NH-Life Safety	2,179
06-011	CA (Yountville)	Cooling Plant and Piping	1,359
06-015	CA (Yountville)	Rem. Sec. E Life Safety	1,729
06-016	CA (Yountville)	Rem. Hospital Support Service	1,300
06-017	CA (Yountville)	Rem. Nursing Home	1,557
06-018	CA (Yountville)	Rem. Sec. F—Handicapped	1,299
06-019	CA (Yountville)	Rem. Workshop-Sprinkler	98
36-002	NY (Long Island)	New 350 Bed NH	14,625
06-020	CA (Yountville)	Rem. Sec. H Dom-Fire & Safety	1,105
06-021	CA (Yountville)	Rem. Sec. J Dom-Fire & Safety	1,105
06-022	CA (Yountville)	Rem. Sec. K Dom-Fire & Safety	1,105
06-023	CA (Yountville)	Rem. Sec. L Dom-Fire & Safety	1.105
06-024	CA (Yountville)	Rem. Wings 1C-D, 2C-D, 3C-D NH-Fire and Safety	1,557
05-002	AR (Little Rock)	Conversion 70 Dom Beds to NH	195
42-009	PA (Hollidaysburg)	Renovate Dietary Building	1,800
44-003	RI (Bristol)	Domiciliary Renovation	1,138
12-001	FL	New State Home 150-Bed Dom	2,730
39-002	OH (Sandusky)	Grant Increase	221
29-004	MO (St. James)	Replace NHC Unit-100 beds	2,420
40-009	OK (Clinton)	Replace 50 Bed NHC Unit (+10 beds)	965
16-002	ID (Boise)	Renovate Dom Wing into Dom/NHC Beds	1,105
39-009	OH (Sandusky)	Power Plant	1,409
06-025	CA (Yountville)	Remodel Wards 2-3 E	813
06-026	CA (Yountville)	Remodel Annex I	1,170
06-027	CA (Yountville)	Remodel Annex II	1,170
06-034	CA (Yountville)	Remodel Ground & 1st Floor	650
06-028	CA (Yountville)	Remodel Dom Sec. G & LSC	1,463
54-003	WV (Pruntytown Phs. I)	Remodel School for 202 NHC	2,961
54-004	WV (Pruntytown Phs. II)	Remodel School for 94 Bed Dom	2,602
06-031	CA (Yountville)	Renovate Kitchen & Dining Room	195
06-032	CA (Yountville)	Renovate Hospital Food Service	195
06-029	CA (Yountville)	Renovations-Storage Areas	195
06-033	CA (Yountville)	Renovations-Sprinkler System	98

ELIGIBLE PREAPPLICATIONS AND APPLICATIONS FOR GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES—Continued

[Pending approval—dollars in thousands—April 30, 1985]

FAI No.	State (locality)	Project	Estimated grant request
06-035	CA (Yountville)	Renovations-Admin. Building	98
39-003	OH (Sandusky)	New 300 Bed Dom Replacement	9,223
39-010	OH (Sandusky)	New 200 Bed Dom Replacement	5,188
01-001	AL (Alexander City)	New 150 Bed NHC	4,615
29-005	MO (SE)	New 150 Bed NHC	5,850
29-006	MO (NW)	New 150 Bed NHC	5,850
39-011	OH (Sandusky)	Add 100 NHC Beds, Secrest	2,918
40-010	OK (Claremore)	New 250 Bed NHC	8,450
42-010	PA (Pennhurst Phase I)	Renov, for 180 NHC; 150 Dom	4,011
42-011	PA (Pennhurst Phase II)	Construct 270 NHC Beds	7,670
45-002	SC (Anderson)	New 200 Bed NHC	5,850
			181,167
Summary (as of April 30, 1985):			
Funds Available from FY 85			34,500
Funds Available from FY 84			9,192
Funds Available from FY 83			5,202
Total			48,894

A "preapplication" procedure has been uniformly adopted by the Federal Government in all Federal grant programs except those Federal formula grant programs which do not require grantees to apply for Federal funds on a project basis. Examples of preapplication forms and information on the general requirements applicable to preapplications are contained in Office of Management and Budget Circular A-102 (revised January 1981). The preapplication process is designed to establish communication between the Federal grantor agency and the applicant, permit the agency to determine the applicant's eligibility, and eliminate proposals which do not meet grant program requirements before applicants incur significant expenditures for preparing an application.

In addition to the preapplication screening done by the VA, a number of other conditions and requirements apply to States seeking construction grant funds. The Intergovernmental Cooperation Act of 1968 requires State and areawide clearinghouse review of proposed projects. The clearinghouse review process is set forth in Part I of Office of Management and Budget Circular A-95, and is intended to encourage coordination of Federal grant programs with State and local planning efforts to promote orderly growth and development. The clearinghouse process also permits an opportunity for enforcement of the National Environmental Policy Act of 1969 by concerned State and local agencies.

The Administrator of Veterans' Affairs has prescribed a limit on the number of beds which a State may construct with assistance from the State Home Grant Program. (See 38 C.F.R., Section 17.171). Generally, a State may apply for funds to construct up to four nursing home beds per 1,000 veterans estimated by the Bureau of the Census to be residing in the State. However, a State is required to submit additional justification if it desires to construct more than two and one-half beds per 1,000 veterans. Accord-

ing to information available to the Committee, no State is operating a number of beds which exceeds the VA ceilings. In addition the 15 States listed below do not presently operate State veterans homes:

Alabama
Alaska
Arizona
Delaware
Florida
Hawaii
Kentucky
Mississippi
Nevada
North Carolina
Oregon
Tennessee
Texas
Utah
Virginia

According to the Veterans' Administration, the total number of State nursing home beds authorized to be constructed by VA regulations is 112,408. There are 9,513 such beds presently operating.

Much of the language of section 107 of the reported bill would merely be a restatement of existing provisions of law. There would be, however, two substantive changes to the program proposed by the reported bill. The first would be a change in the authorization of appropriations for this program. The present authorization is for "such sums as may be necessary". It is the Committee's belief that the lack of specificity embodied in this language encourages the Office of Management and Budget to pare VA requests for funding for this program. Accordingly, the bill proposes specific amounts for fiscal years 1986 through 1988 as evidence of the Congress' intention that funding for this program should gradually increase. During a 3 month period from January to March 1985, four States filed eligible preapplications which will require an additional $30 million in Federal funds. The Committee believes that the Federal commitment to this program should keep pace with the States' interest in the program.

The second major change proposed by this legislation would be the method used to determine when a State receives a grant and how much that grant should be. Eligible preapplications which are filed prior to October 1, 1985, would be considered for funding in accordance with the procedures presently used by the VA, i.e., first come, first served. However, States would be required to complete the formal application process by October 1, 1987 in order to maintain their status and rank order as a preferred applicant.

Eligible preapplications filed on or after October 1, 1985 would be subject to a ranking process as set out in the proposed section 5035(b). The factors to be considered in ranking such applications would be:

(1) The projected number of veterans who may apply for admission to the facility;

(2) The presence of other VA facilities available to provide nursing home or domiciliary care in the geographic area of the proposed project;

(3) The number of other facilities which may be available to provide such care; and,

(4) Such other matters as the Administrator considers appropriate.

In addition to providing authority to rank proposed projects, the reported bill would permit the Administrator to provide less than

the amount of funding sought by the State in its preapplication. It is the Committee's understanding that under existing law, an application which meets the requirements set out in subchapter III of chapter 81 must be funded in the amount requested. The proposed revision would give the Administrator the flexibility to approve funding at a level lower than that requested by the State.

It is the Committee's intention to afford the Administrator wide latitude to make grants where the need for nursing home beds is greatest. The Committee believes that the present program is well received among the States, and represents a cost-effective approach to providing nursing home care to eligible veterans. Testimony presented to the Subcommittee on Hospitals and Health Care on this legislation asked the rhetorical question: "Why change a good system that has proven effective for 20 years?" The answer to this question is that despite the proven effectiveness of the program and its cost efficiency, there is a mounting backlog of eligible preapplications. This legislation is intended to provide additional credibility to the serious interst of States in the program, and to the need for the planned projects as reflected in the large number of unfunded preapplications pending.

Another objection to restructuring the present process of assigning priority to grant applications is that it may be difficult to choose between projects that provide new beds and projects which correct deficiencies in existing homes. A suggestion was made in testimony on this proposal that the appropriation for this program be administratively split, with a certain amount set aside for applications to construct beds in severely underserved areas or in States that have no State veterans homes. As reported by the Committee, section 107 of the reported bill is silent as to the method to be used by the Administrator in determining a project's priority. Acordingly, the Administrator could, at his discretion and considering the factors set out in the revised section 5053, decide to give preference to applications from States that do not presently operate homes. However, the legislation would not require this approach, nor does the Committee wish to encourage or discourage such an approach. The Committee believes that flexibility is the key to a successful program, and it has designed its proposed amendments to provide the Administrator with such flexibility.

Finally, it should be noted that section 107 makes several references to the term "preapplication", the meaning of which was discussed above. In legislatively recognizing the existence of the preapplication process, the Committee is endorsing the concept of informal and inexpensive consultation between the Veterans' Administration and States wishing to apply for grants. The Committee believes that such communication aids the objectives of the program and should not be rigidly defined, for there is no surer way to eliminate essential communication than to limit the means by which it can take place. By incorporating the preapplication process in the proposed ranking process, the Committee intends to impose no greater burdens on applicants than those found in the existing preapplication process.

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STUDENT NURSES

Under present law (38 U.S.C., section 4114), the Administrator of Veterans' Affairs is authorized to employ on a temporary, full-time basis nurses who have successfully completed a full course of nursing in a recognized school of nursing approved by the Administrator, and who are pending registration as a graduate nurse in a State. Since such appointments may not exceed 1 year under existing law, the VA may not offer Government-sponsored health and life insurance to such nurses. Non-government employers generally offer such insurance, often at no cost to the employee, placing the VA at a distinct recruiting disadvantage.

The Administrator also employs nursing school students on a part-time basis. According to the VA, hiring student nurses helps meet VA's nursing care needs and permits the VA to attract well-qualified students to nursing careers in the Veterans' Administration. The VA is prohibited from employing student nurses for a period which exceeds 1 year, forcing student nurses who have not yet graduated to leave the VA. The result is that student nurses who might consider employment with the VA are forced to seek part-time employment with another institution until they graduate. This often hinders recruitment efforts begun while the student nurse is employed by the VA.

Section 202 of the reported bill, originally introduced as H.R. 788, would make two amendements to section 4114 of title 38, United States Code, to correct this situation. It would permit appointment of graduate nurses who are pending State registration as a graduate nurse for a period in excess of 1 year. The Committee believes that such authority is warranted, but it urges the Administrator not to appoint such nurses for more than a 2-year period.

Section 202 of the reported bill would also permit reappointment of student nurses in order to aid the VA's recruitment efforts. The Committee plans to monitor the Administrator's use of this authority following a two or three year trial period to ensure that this authority is wisely used.

PERMANENT AUTHORIZATION FOR HALFWAY HOUSES

Since April 1980, the VA has operated a program authorized by Public Law 96–22 under which certain veterans suffering from alcohol and drug dependence have been provided treatment and rehabilitation in community contract facilities such as halfway houses. In authorizing the establishment of this pilot program, the Congress called for the VA to plan and operate a pilot program so as to demonstrate both the medical advantages and cost effectiveness of this care in contrast to comparable care rendered in VA facilities. Congress also directed that the VA report by March 31, 1984, on the operation and results of this pilot program. The report which was furnished to the Congress indicated that those patients who were placed in this program had been essentially alienated from society, and that the program, for the limited period studied, had been successful for these patients.

A steadily increasing number of VA medical centers determined that use of this contract authority is effective. As of September 30, 1984, 83 VA medical centers had contracts with 297 non-VA com-

munity-based programs. The VA has testified that, although initial costs of treatment incurred for veterans placed in a halfway house contract program were somewhat higher than in VA programs, the need for subsequent treatment of such veterans is substantially reduced. The programs utilize a variety of treatment modalities, and often use several treatment approaches in combination. In general, for the population served, the program provides more definitive rehabilitation of recovery-resistant cases which require continued support and extensive work on self-help skills. The cost of caring for veterans in a residential environment is markedly lower than the cost of hospital treatment, and facilitates reentry into the community.

This section, derived from H.R. 789, would extend the program, would make it a permanent instead of a pilot program, and would require the Administrator to provide an additional report on the operation of the program by December 31, 1987.

CONTRACT CARE AUTHORITY OUTSIDE THE 48 CONTIGUOUS STATES

Section 601(4) of title 38 U.S.C. currently authorizes the Veterans' Administration to contract for medical care for other than service-connected veterans outside of the contiguous 48 states. The limit to the amount of care that may be contracted for is "* * * that the annually determined hospital patient load and incidence of the provision of medical services to veterans hospitalized or treated at the expense of the Veterans' Administration in Government and private facilities [in Puerto Rico and the Virgin Islands] shall be consistent with the patient load or incidence of the provision of medical services for veterans hospitalized or treated by the Veterans' Administration within the 48 contiguous States." This limit may be waived by the VA to "prevent hardship". It is this waiver authority that is referred to as the "extraordinary authority".

Both the authority to contract for care and the waiver authority have a delimiting date, currently September 30, 1985. The delimiting date has been extended in 1-year increments on four previous occasions. The most recent of these was H.R. 5618, which was enacted as Public Law 98–528. In the explanatory statement accompanying that legislation, the VA was directed to prepare a thorough plan for Puerto Rico and the Virgin Islands in conjunction with the budget for fiscal year 1986. The Committees made specific reference to the mandate in section 107 of Public Law 98–160 with regard to a plan to meet the medical needs of veterans in Puerto Rico and the Virgin Islands. No plan was forwarded with the proposed fiscal year 1986 budget and none has been received to date.

The reported bill would extend for 3 years the authority to contract for medical care for other than service-connected veterans in Puerto Rico and the Virgin Islands. In addition, the legislation would gradually reduce the use of the extraordinary authority for Puerto Rico. In fiscal year 1986 the amount of care in excess of the limit ("excess load") would be no more than 75 percent of the excess load which existed in fiscal year 1985. In fiscal year 1987, the excess load would not exceed 50 percent of the excess load which existed in fiscal year 1985. In fiscal year 1988, there would

be no excess load; the waiver or extraordinary authority of section 601(4)(C)(v) would expire for Puerto Rico, but not for the Virgin Islands.

The intent of the Committee is to urge the Veterans' Administration to complete and implement its plans for Puerto Rico and the Virgin Islands, recognizing that there is no VA hospital or clinic in the Virgin Islands. At the same time the Committee, by extending the contract authority for 3 years, wishes to provide a reasonable timeframe and stable basis for implementation of whatever plan, including facility construction, the VA may develop to meet the health care needs of eligible veterans in these areas. The Committee further specifically intends that the VA plan shall not include continuing reliance on the authority to contract for care at the current level.

HEALTH PROFESSIONALS SPECIAL PAY

In 1980, the Congress enacted Public Law 96–330, notwithstanding President Carter's veto of the legislation at the urging of the Department of Defense. That law, codified as 38 U.S.C. section 4118, contained an amendment to the special pay authority for physicians and dentists which permitted the inclusion of special pay in computing a physician's or dentist's Federal civil service annuity. As enacted, the provision struck a compromise between two similar provisions reported by the House and Senate. The House provision would have allowed inclusion of such pay in the case of a physician or dentist who had been employed in the Department of Medicine and Surgery on a full-time basis for at least 15 years. The Senate passed provision would have permitted a phased-in inclusion which gradually increased, from 20 percent to 100 percent over 9 years. The compromise, codified in paragraphs (2) and (3) of section 4118(f), maintained the House requirement that a physician or dentist be employed for 15 years as a full-time employee. Rather than allowing inclusion of a percentage of special pay effective on September 30, 1981, as proposed by the Senate, the compromise allowed credit only for those persons retiring after September 30, 1985, and permits inclusion of only one-half of special pay for persons retiring between this date and October 1, 1990.

Section 205 of the reported bill, derived from H.R. 1899, would amend this phase-in process by permitting the inclusion of an additional 10 percent of special pay for retirement pay computation purposes for each year of service between 1985 and 1990. Existing law permits inclusion of only one-half of special pay for annuity computation purposes, no matter when the physician of dentist retires between October 1, 1985, and September 30, 1990. Thus, physicians or dentists who are eligible for retirement during this period have no incentive to continue employment. The prospect of receiving 100-percent credit if retirement begins after September 30, 1990, may encourage a few persons to continue employment if they are not eligible for retirement until relatively close to that date. It is the Committee's belief that by phasing in the inclusion of special pay for retirement purposes, the VA will not be faced with a mass exodus of physicians and dentists eligible for retirement shortly after October 1, 1985. Instead, the incentive for gradually increased

retirement benefits may encourage such employees to prolong their service with the VA, enhancing the quality of care which is associated with highly experienced health-care professionals.

The reported bill would also clarify the Congress' intent with respect to eligibility for such special pay. The intent of the entire special pay program is to permit the Department of Medicine and Surgery to recruit and retain "highly qualified" physicians and dentists. Accordingly, section 205 would require that an employee receive a performance rating of at least "fully satisfactory" in order to be eligible for such pay.

AUTHORITY TO RELEASE LIMITATION ON USE OF REAL PROPERTY IN MC KINNEY, TEXAS

Section 301 incorporates the provisions of H.R. 1818, introduced by Representative Armey. It would authorize the Administrator of Veterans' Affairs to release a limitation on land conveyed to the city of McKinney, Texas in 1965. Public Law 88-438, approved by the President in 1964, authorized the Administrator to sell approximately 39 acres of land at 50 percent of its appraised value to McKinney. The land was formerly part of a VA hospital site in McKinney which had ceased operation prior to 1964. The city of McKinney sought the land in conjunction with other land controlled by the General Services Administration in order to construct public recreational facilities; a 9-hole golf course is now in existence on the land.

Public Law 88-438 restricted the use of the land which was conveyed to the city for "recreational purposes." The city wishes to sell the land without this restriction on use. Its announced intention is to use the proceeds from the sale to develop a larger 18-hole golf course at a suitable location. Inasmuch as the city owns the land, the VA no longer operates a medical facility in McKinney, and the VA does not oppose the liftying of this restriction, the Committee reported the measure favorably.

LAND TRANSFER, PHOENIX, ARIZONA

Section 302 would transfer, without reimbursement, 3.4 acres of land adjacent to the VA Medical Center in Phoenix, Arizona from the control and jurisdiction of the General Services Administration to the control and jurisdiction of the Veterans' Administration. This land was part of a parcel of 27 acres transfered to the VA in 1947 in order for it to construct and operate a VA medical facility. In 1959, the VA was pressured by General Accounting Office representatives to declare the land excess to its needs. The VA reluctantly did so because it could not demonstrate an existing need or plan for use of the land.

Since 1959, GSA has conveyed and repurchased part of this land and a building has been constructed on it. The building formerly housed a research function of the Centers for Disease Control, and is now vacant.

It is the Committee's understanding that the VA has requested an administrative transfer of the land from GSA, and that request is under consideration. However, under a policy given broad application in the past 4 years, GSA is required to charge the VA fair

market value of the land before a transfer may take place. The justification for such a policy is that it discourages agencies from acquiring property which is excess to their needs. The Committee does not disapprove of such a policy in general terms, but believes that the application of a required reimbursement policy in this instance would be inappropriate and subject to ridicule. The Committee believes that the VA has made an appropriate analysis of its need for the land which it previously controlled, and that a transfer without reimbursement would be warranted so that the VA can better accomplish its mission.

EVALUATION OF CHIROPRACTIC CARE

The Committee, in its efforts to determine cost effective alternatives to medical treatment for veterans, included in the reported bill a provision authorizing the Administrator to conduct chiropractic demonstration projects at three geographically dispersed locations in the United States. This proposal was derived from H.R. 2227.

The Committee's purpose in authorizing these projects is to obtain information concerning the clinical benefits and cost efficiencies of chiropractic care as an alternative source of care for eligible veterans. During the process of designing and conducting the demonstration projects and evaluating the results, the Administrator would be required to solicit advice and recommendations from recognized medical and scientific authorities in the treatment of neuromusculoskeletal conditions. The reported bill would require the Administrator to ensure adequate participation in this process by doctors of chiropractic and chiropractic academicians recognized by an approved accrediting organizations.

In conducting these demonstration projects, chiropractic care could be provided in private facilities or chiropractic colleges as approved in guidelines to be issued by the Adminstrator.

It is the Committee's intention that eligible veterans would be free to elect chiropractic care for the treatment of back related injuries, commonly referred to in chiropractic terms as "correction of neuromusculoskeletal conditions", and would, with their concurrence, be the subjects of the evaluations. The treatement would be provided by licensed doctors of chiropractic operating within the scope of practice authorized by state law.

In enacting Public Law 98-525, the 1985 Department of Defense (DOD) Authorization Act, Congress authorized the DOD to conduct a similar demonstration project within the DOD health-care system. In order to ensure commonality in the two evaluation protocols and data base requirements, the reported bill would require that the Administrator consult with the Secretary of Defense concerning the conduct of the evaluations. After the Administrator's consultation with the Secretary of Defense, he would be required to develop a report on the results of the demonstration project and submit it, with his findings and recommendations, to the Committees on Veterans' Affairs of the Senate and the House of Representatives no later than October 1, 1988.

VETERANS ADMINISTRATION MANAGEMENT PROVISIONS

Current law, 38 U.S.C., Section 210(b)(2), requires the Administrator to submit a detailed plan and justification to the Committees on Veterans' Affairs of the Senate and the House of Representatives prior to implementing certain VA administrative reorganizations involving a reduction during any fiscal year of 10 percent or more in the number of full time equivalent employees (FTEE) at a VA facility. The report must be made not later than the date on which the President submits his budget for the upcoming fiscal year. Thereafter, no action can be taken to implement the reorganization until after the first day of that fiscal year.

The VA has developed a plan to reorganize the Veterans' Administration Prosthetics Center (VAPC) in New York, NY, the implementation of which involves the transfer of certain functions to a new Prosthetics Assessment and Information Center (PAIC) in the Washington, D.C. area. Since the plan and justification were not submitted to the Congress by the statutory deadline, the Administrator requested statutory relief in a letter of February 1, 1985, to the Speaker of the House of Representatives. Section 304 of the reported bill, which is derived from H.R. 1303, would provide such relief.

Currently, the administration of the major elements of the prosthetics program is divided between two Assistant Chief Medical Directors (ACMD) in the Central Office, the ACMD for Professional Services and the ACMD for Research and Development. The proposed reorganization would consolidate administration of all prosthetics activities, including rehabilitation research, in Professional Services, under the direct control of a new Deputy Assistant Chief Medical Director for Prosthetics Services, Research, and Development. This proposed action would improve the provision of prosthetics services by providing an appropriate focus, centralized guidance, and improved coordination of prosthetics activities. The proposed new PAIC would be responsible for managing and coordinating all prosthetics administration, testing, evaluation, and information dissemination. The Center would: (1) Test and evaluate new commercially available devices and procedures; (2) prepare and disseminate information and program guides regarding testing prosthetics and sensory aids; and (3) provide technical information and assistance. As indicated above, the missions of the PAIC will replace those of the Technology and Performance Evaluation Section and the Information and Education Service, both which are now located at the VAPC in New York.

According to the Veterans' Administration, locating the PAIC in the Washington, D.C. area would facilitate direct control and coordination of the PAIC's mission from the VA Central Office. A field structure is also proposed which would include the establishment of Special Teams for Amputation Mobility Prosthetics/Orthotics (STAMP). The VA plans to provide positions to staff the PAIC from 24 FTEE positions now allocated to the VAPC for these new functions.

Programs remaining at the VAPC would include the Orthopedic Shoe Service and those services providing direct hands-on care to individual veteran patients. Clinical services, which include the

Special Clinic Teams, and the Orthotic, Prosthetic and Restoration Laboratories, would be administratively and physically reassigned to the VA medical Center, New York, NY, upon completion of an appropriate remodeling project scheduled for completion in mid-1985.

In 1984, the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) responded to a recommendation of the President's Private Sector Survey on Cost Control, commonly known as "The Grace Commission", with directions for a program in position management improvement. This program is intended to reduce the number of GS/GM 11 through 15 grade level employees in the Federal Government. It was initiated because the Grace Commission indicated that the proportion of Government employees in grades 11 through 15 had increased from 21 percent to 39 percent between 1959 and 1983. The report also stated that the private sector has 50 percent fewer positions at the equivalent GS 11-15 grade level than the Federal Government. The President's budget for fiscal year 1985 proposed funding reductions in the Veterans' Administration which would equate to an annual 2 percent reduction for these positions in fiscal years 1985 to 1989. It is planned that the OPM will monitor the average grade and the absolute reduction of grade 11-15 positions.

The Committee reviewed the report and found that the VA position management program compared favorably to other Federal agencies and the private sector. The percentage of grade 11-15 and equivalent positions are as follows: the Government-wide average is 39 percent; the private sector average is 26 percent; VA wide including Title 38 employees is 28 percent; VA's average, including Title 38 employees is 17½ percent; the Department of Medicine and Surgery (DM&S) average including Title 38 is 27 percent; and DM&S's average without Title 38 employees is 14.6 percent. The results of an OPM conducted analysis of VA grade 11-15 position management data which were made available to the Committee indicate that the VA ranked third out of the 22 largest Federal agencies in effective position management. In their report, OPM recommended that the VA reductions in grades 11-15 be adjusted to 1.5 percent per year.

The Committee received communications from virtually all of the VA medical centers describing the adverse impact of this reduction on the quality of medical care. They indicated that the reduction in personnel at grades 11-15 would adversely affect the VA's authority to recruit and retain such Title 5 employees as pharmacists, psychologists and social workers.

In an exchange of letters with Mr. David Stockman, the Director of OMB, Chairman G.V. Montgomery requested an exemption from this program for the VA, as it was not appropriate to penalize the agency when their staffing of grades 11-15 was equivalent to the private sector. There follows copies of the correspondence between the Chairman and Mr. Stockman.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, July 23, 1984.

Mr. DAVID STOCKMAN,
Director, Office of Management and Budget, Executive Office Building, Washington, DC.

DEAR MR. STOCKMAN: I am writing to inquire about the status of the Improved Position Management of GS/GM 11-15 program, as it pertains to Title 38 employees of the Veterans' Administration. It is my understanding from discussions and correspondence with Veterans' Administration officials that OMB has proposed to reduce amounts of certain salaries in all Government agencies in order to reduce the number of personnel in grades GS 11-15. This reduction is based on a "finding" by the Grace Commission that there are too many employees at these grade levels when compared to private industry. I don't know whether this conclusion is a valid one or not, but I am advised that there was no finding by the Grace Commission or any other body regarding the number of health care personnel employed by the Veterans' Administration at grade levels equivalent to grades GS 11-15 in comparison with the private sector.

During the past several years, the Congress has passed, and the President has signed, legislation intended to enable the VA to hire necessary health care professionals. Such legislation was enacted because we received testimony that the VA could not hire the necessary personnel to staff the VA's health care system. Special pay and incentives are available not only to physicians and nurses, but to other categories of health care personnel who are difficult to recruit for VA employment. The primary concern of this Committee, as reflected in law, is to assure that the VA can attract highly skilled and competent personnel to provide high quality health care to veterans. If the VA cannot recruit and retain high quality health care personnel, then it cannot honor the Nation's obligation to those who served in the armed forces.

I strongly urge that you reconsider your grade reduction program and exempt the health care personnel of the Veterans' Administration from its provisions where no demonstrable overgrading problems exist.

Sincerely,

G.V. (SONNY) MONTGOMERY,
Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, August 9, 1984.

Hon. G.V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of July 23, 1984, expressing your views on the participation of the Veterans Administration in the Administration's effort to reduce the number of government employees in grades GS-11 through 15.

First, let me assure you that I share your concern with recruitment and retention by VA of high quality health care personnel. The priority given by the Administration to veterans health care is evident in the nearly 40 percent increase in budget authority and the addition of almost 9,000 employees for VA medical care since 1981. Given these increases, two factors lead to the conclusion that the Administration should maintain, in the VA medical care area, the effort to influence the average grade of mid-level government workers:

The VA is free to direct the application of grade level reductions among its activities so that it can maintain its own priorities within overall guidelines; and,

All agencies—including the VA—will have an opportunity to seek needed adjustments this fall, as 1985 supplemental requests for pay are being formulated.

With these factors in mind, I believe that the Administration can safely continue this effort. It is one of the means toward our overall objective; to assist the VA to continue to identify the most efficient means for providing excellent medical care for our veterans in need of care.

Sincerely,

DAVID A. STOCKMAN, *Director.*

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, October 16, 1984.

Mr. DAVID STOCKMAN,
Director, Office of Management and Budget, Executive Office of the President, Washington, DC.

DEAR MR. STOCKMAN: I am increasingly concerned by the attitude of the Office of Personnel Management and the Office of Management and Budget with regard to the Grace Commission's initiative which now goes under the rubric "Improved Position Management of GS/GM 11-15 Positions." On July 23, I wrote to you expressing my concern about the application of this initiative to health care personnel employed in the Veterans Administration under the authority of title 38, United States Code. I also wrote to Dr. Devine expressing similar concern. Your reply seemed to indicate that, as applied to the Veterans Administration, this initiative is a mere pretext to cutting the VA's budget for personnel compensation. More recently, I received information from the Office of Personnel Management which would indicate to me that no reduction of any sort should be applied to the Veterans Administration in any of its departments as a result of this initiative.

The justification for reductions in grades 11-15 is set forth in the background section of FPM Bulletin 312-8, which was enclosed with the reply I received from Dr. Devine. The first factor OPM cites is that 39 percent of the General Schedule full time workforce is classified in the GS 11-15 grade band. However, at the Veterans Administration this proportion is only 17.5 percent, a lower percentage than the 1959 figure for the entire government. Certainly,

few large institutions, government or private, can match this figure.

The second factor cited is the average grade of the workforce. The Government-wide average grade is noted to be 8.3, but in the VA it is only 6.58, almost two whole grades lower! Most persons will agree that some increase in average grade over the past 30 years is justifiable in light of the increasing complexity of Government functions. Therefore, the VA's average grade would seem to warrant praise as an example of how to hold the line against grade creep.

The third facor is the salaries earned in the private sector compared to those earned by government employees. I find it confusing at best when the Advisory Committee on Federal Pay reports that most Federal employees are underpaid when compared with their counterparts in the private sector, and yet the Grace Commission presents different evidence. I believe that recent remarks made about the accuracy of both reports add further confusion to this issue, so that it is not possible for anyone to say with certainty that Government employees are or are not overpaid.

Dave, there may be overgraded employees in the VA, and I tend to believe that there are too many people in grades 11-15 at the VA's Central Office, particularly in the Department of Medicine and Surgery. However, the figures cited above show that the VA compares very favorably with other Government agencies on these measures. Even if we included title 38 employees in the comparison, which the Grace Commission did not contemplate, the numbers are still favorable to the VA. This is true despite the fact that the direct provision of health care requires the VA to hire thousands of highly skilled and relatively highly paid health care professionals.

Considering all of this evidence, I would like to know whether OMB and OPM would give further thought to applying this initiative in a selective manner to those agencies where it is truly needed, and leaving agencies such as the Veterans Administration alone.

Sincerely,

G.V. (SONNY) MONTGOMERY,
Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, November 13, 1984.

Hon. G.V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of October 16, 1984, in which you express increasing concern over the application to the Veterans Administration of the Administration's effort to reduce the number of Government workers in grades GS-11 through 15. In your letter, you cite three factors as support for exempting the VA from the grade reduction effort. They are:

The percentage of VA employees in grades GS–11 through 15 is lower than the average for the Government as a whole;

The VA's average grade is lower than the Government-wide average; and

The notion that it is impossible to say with certainty where Government employees, as a group, are overpaid.

As you know, the first two factors result from the large number of hospital and clerical workers below GS–11 who are employed in operating the VA's hospital and benefits payment systems. Over half of VA's general schedule employees are in grades 3, 4, and 5. This obscures the fact that VA employs over 44,000 people in grades 11 through 15 (and their equivalents under Title 38), more people than the entire employment rolls of nine of the other fifteen large Federal departments and agencies.

Regarding your third factor, I believe it useful to point out that over the last four years, VA personnel compensation costs for GS and Title 38 staff have grown at a rate 25 percent faster than the general schedule pay scales. Pay for these employees (now totaling $3.7 billion) is almost 30 percent higher than it was in 1980, while the general schedule rates have increased by less than 24 percent. This matter must certainly be a cause for concern on the part of both the Executive and Legislative Branches.

You have asked in your letter whether—given the factors you cite—OMB and OPM will give further thought to exempting the VA from the GS–11 through 15 grade reduction initiative. As I noted in response to your letter of July 23, 1984, all agencies, including the VA, will have an opportunity to seek needed adjustments later this fall.

I appreciate your concern that the VA be treated fairly. Please be assured that careful consideration will be given to all such requests.

Sincerely,

DAVID A. STOCKMAN, *Director.*

The amendment contained in the reported bill would require the Administrator to submit a detailed report to the Committees on Veterans' Affairs of the Senate and the House of Representatives prior to implementing a grade reduction for the purpose of reducing the average grade level of VA employees performing certain functions.

CHANGE OF STATUS OF EXISTING SATELLITE OUTPATIENT CLINIC

The reported bill would also authorize the Administrator of Veterans' Affairs to change the status of the Veterans' Administration satellite outpatient clinic located in Toledo, Ohio to that of an independent clinic, and would require the Administrator to provide adequate funding for the efficient operation of such clinic after its change in status.

SECTION-BY-SECTION ANALYSIS OF THE REPORTED BILL

Section 101(a) of the reported bill would amend 38 U.S.C., section 610(a) to provide the Administrator with authority to furnish "respite care" which the Administrator determines is needed to any

veteran who is currently eligible for needed VA hospital or nursing home care. Subsection (b) would define "respite care" in terms which make clear that such care may be offered only to chronically ill veterans whose routine care is primarily furnished in the veteran's home or in a hospice program which has entered into a cooperative agreement with the VA. Moreover the definition would provide that the care would be furnished only on an intermittent or temporary basis.

Section 102 of the reported bill would amend 38 U.S.C., section 610(b) to revise and clarify eligibility requirements for domiciliary care to veterans. This section would align domiciliary care eligibility of veterans who have service-connected disabilities with eligibility of non-service-connected veterans in need of domiciliary care. Under existing law, to be eligible for domiciliary care, a service-connected veteran must have a permanent disability, tuberculosis, or a neuropsychiatric ailment, be incapacitated from earning a living, and have no adequate means of support. Section 610(b)(2), which governs the non-service-connected veterans' eligibility for domiciliary care, requires only that a non-service-connected veteran be in need of domiciliary care and be unable to defray the expenses of domiciliary care. Therefore, in effect, service-connected veterans must satisfy stricter eligibility requirements than non-service-connected veterans.

Section 103 of the reported bill would amend section 612(f)(1)(B) of title 38, United States Code and thereby expand VA's outpatient care authority. Currently, under that provision, the VA may furnish outpatient care for any disability for up to 12 months where this care is reasonably necessary to complete treatment incident to hospital care. The Administrator may extend this period if it is required by virtue of the disability being treated. There is no comparable authority to provide follow-up care to complete treatment provided during a period of nursing home or domiciliary care. This provision would permit the Administrator to provide medical services on an outpatient basis to veterans discharged from VA nursing homes or domiciliaries if it is reasonably necessary to complete treatment incident to their nursing home or domiciliary care. This authority would also be subject to the 12-month limitation.

Section 104(1) of the reported bill would amend 38 U.S.C., section 620(a) to make patients discharged from VA nursing home care units and VA domiciliaries eligible for transfer for care at VA expense to any public or private institution which furnishes nursing home care. Under current eligibility provisions, transfers from VA institutional care to VA-sponsored community nursing home care are available only to veterans who have been furnished hospital care. Patients in VA nursing home care units and domiciliaries are not eligible for such transfers at VA expense. Enactment of this section would allow the VA to care for more beneficiaries in VA nursing homes and domiciliaries.

Section 104(1)(C) would amend section 620(a) to exempt veterans needing nursing home care for service-connected disabilities from the six month restriction on the duration of VA-sponsored contract nursing home care. Currently, the law only exempts veterans who had been hospitalized for a service-connected disability and any other veteran who, in the judgment of the Administrator, warrants

a longer period of care. Veterans who been hospitalized for their service-connected condition prior to their community nursing home care may receive unlimited nursing care at VA expense, while all other service-connected veterans who require community nursing home care may only be authorized such care for a period of up to 6 months. Thus, veterans who have been hospitalized for a non-service-connected disability but who require nursing home care for their service-connected disabilities are restricted to 6 months care. Likewise, veterans who are admitted to a contract nursing home directly from the community for a service-connected condition are limited to 6 months care. This section would end this distinction by making veterans eligible for unlimited contract nursing home care for their service-connected disabilities.

Section 104(2) of the reported bill would add new authority to 38 U.S.C., Section 620(d) to permit the Administrator to admit directly into a contract nursing home any veteran who has been discharged from a VA hospital and who is currently a patient in a VA hospital-based home care program. Currently, such direct admission may be authorized only for those veterans who require nursing home care for a service-connected disability. All other veterans who need nursing home care must be readmitted to a VA hospital in order to become eligible for VA-sponsored care in a community nursing home.

Section 104(3) of the bill would amend 38 U.S.C., section 620(e) to provide that the definition of the term "nursing home care" in that subsection also applies for the purpose of 38 U.S.C., section 641. The amendment would resolve an issue regarding VA per diem payments under 38 U.S.C., section 641 to States providing nursing home care. Section 641 contains a single per diem rate for payment of nursing home care furnished eligible veterans in State veterans homes. Some States with State veterans homes recognized by the VA for nursing home care have obtained Medicare certification as a skilled nursing facility or Medicaid certification as a skilled or intermediate care facility, or both. A question could be raised whether payments for care in both types of facilities should be at the rate for nursing home care since the general definition of nursing home care in 38 U.S.C., section 101(28) refers to patients who require skilled nursing care. The two terms, skilled nursing facility and skilled nursing care, are not synonymous. The VA has, therefore, paid the existing nursing home rate for care provided in State home nursing homes which meet VA standards of care regardless of the designation of that facility as skilled or intermediate.

Section 105 of the reported bill would amend 38 U.S.C., section 4101(f)(1)(A) to permit the Administrator to expand from 15 to 25 the number of locations where Geriatric Research, Education and Clinical Centers (GRECCs) may be established.

Section 106 of the bill provides that the amendments made by section 101 through 105 of the bill shall be effective October 1, 1985, and shall apply to care furnished and to direct admissions occurring on or after that date.

Section 107(a) of the reported bill would amend 38 U.S.C., section 5033 to extend the State Home Grant Program through fiscal year 1988 and authorize the appropriation for this program of $40 mil-

lion for fiscal year 1986, $50 million for fiscal year 1987, and $60 million for fiscal year 1988.

Section 107(a) of the reported bill would also amend 38 U.S.C., section 5033 to require the Administrator to submit to the Senate and House Committees on Veteran's Affairs an annual report on the operation of the State Game Grant Program during the preceding and current fiscal year. Each report should include a list of the States which have submitted to the Administrator a preapplication for a grant and the Administrator's recommendations as to the relative priority to be given each such project. This annual report would be submitted at the same time as the President's budget for the next fiscal year is submitted to the Congress.

Section 107(b)(1) of the reported bill would amend 38 U.S.C., section 5035(b) to revise the procedure by which the VA approves State home grants. Under existing law, the VA must approve a State home grant application if the VA determines that it meets the requirements of 38 U.S.C., section 5035. As a result, the VA approves grants as funds become available in the order in which the grant requests are received. The reported bill would require the VA to establish a new procedure under which State home grants would be approved on the basis of the relative need for the project as determined by the Administrator. Under this new procedure, the Administrator, upon receipt of materials which the VA deems to constitute a grant preapplication, would determine whether the project for which the grant is proposed generally meets the requirements of 38 U.S.C., sections 5031–5037. In addition, the Administrator would determine the need for each State-proposed project described in a preapplication in relation to the need for projects described in all other grant preapplications received by the Administrator. In determining the relative need for each project, the Administrator would be required to consider the projected number of veterans who may apply for admission to the facility over the facility's useful life, the presence of nearby VA nursing homes and domiciliaries, the number of other nearby nursing homes and domiciliaries that may be available to provide care to veterans, and any other matters which the Administrator considers appropriate. Under the new section 5035(b)(3), the Administrator, upon receipt of a State home grant application, would determine whether it meets the requirements of 38 U.S.C., sections 5034 and 5035, and would notify the applicant whether the application conforms with these requirements and, if it does not, of the actions needed to make the application conform to the requirements. Under the proposed section 5035(b)(4), the Administrator, after determining the relative need for that project, could approve the amount of assistance applied for in whole or in part. Under the proposed new section 50325(b)(5), the Administrator could not approve the grant unless the project for which the grant would be used meets the general standards of construction, repair and equipment promulgated by the Administrator under 38 U.S.C., section 5034(2). In addition, the grant could not be approved if the project's completion would result in there being in the State concerned a greater number of beds available for the furnishing of nursing home care to veterans in that State than the number of beds prescribed by the Administrator under 38 U.S.C., section 5034(1) for the State.

Section 107(b)(2) of the bill would amend 38 U.S.C., section 5035(d) to modify the technical procedure for paying State home grants.

Section 107(c) of the bill would amend 38 U.S.C., section 5031 to redesignate paragraphs (a), (b), and (c) as paragraphs (1), (2), and (3).

Section 107(d) of the reported bill would amend 38 U.S.C., section 5035(d) to eliminate the limitation which provides that a State may not receive more than one-third of the amount appropriated in any fiscal year for State home grants.

Section 107(e) of the reported bill would provide that the amendments made by section 107 of the bill shall take effect on October 1, 1985.

Section 107(f) of the bill would provide a transition period during which preapplications submitted to the Administrator prior to October 1, 1985, would be processed under existing procedures. If a State which submits a preapplication files a grant application which meets the requirements of 38 U.S.C., section 5035 by October 1, 1987, the Administrator shall approve the grant in accordance with the applicable procedures effective on September 30, 1985.

Section 201 would amend section 5004(a) of title 38, United States Code, which pertains to congressional approval of certain medical facility acquisitions. Section 5004(a) prohibits the appropriation of funds for medical facility construction or acquisition projects which involve a total expenditure of more than $2,000,000 unless the Committees on Veterans' Affairs of the House of Representatives and the Senate have each first adopted a resolution approving such project. One interpretation which is possible given the existing language is that so long as the total amount of appropriations for projects estimated to cost more than $2 million does not exceed the total amount approved in the Committees' resolutions, an appropriation for a project which has not been approved by the Committees would not be prohibited under existing law. Section 201 clarifies the language of section 5004 by prohibiting an appropriation for any project in excess of the amount authorized for that project, and by requiring specific identification of the medical facility for which an appropriation is being made.

Section 202 would amend section 4114(a) of title 38, United States Code, which generally authorizes the appointment of temporary and less than full-time employees in the Department of Medicine and Surgery. Subsection (a)(1) would amend section 4114(a)(3)(A) of title 38, United States Code, to remove the 1-year limitation on the term of appointments of temporary full-time graduate nurses. These nurses would thus be able to obtain Government-sponsored life and health insurance. Pursuant to Office of Personnel Management regulations, such insurance is not available to Government employees with appointments of 1 year or less.

Subsection (a)(2) would amend title 38, United States Code, Section 4114(a)(3) to:

(1) Prohibit reappointments of part-time and temporary full-time personnel whose appointments cannot exceed 1 year (except for student nurse technicians). This prohibition is not retroactive, and shall take effect on October 1985. (For purposes of the prohibition,

the total length of time of an employee's part-time and temporary full-time appointments are added together.)

(2) Permit reappointment of student nurse technicians so that VA could appoint these students earlier in their schooling and keep them employed until they graduate. Currently, the VA is prohibited from employing students as student nurse technicians for more than 1 year.

Section 203 would amend section 620A of title 38, United States Code, which authorizes treatment and rehabilitation for alcohol or drug dependence or abuse disabilities. Subsection (a) would strike references in section 620A to a "pilot program" of such treatment. It would also strike the requirement that the Chief Medical Director demonstrate the medical advantages and cost effectiveness that result from contracting for treatment instead of providing it in VA facilities.

Subsection (b) would extend from September 30, 1985 to September 30, 1988, the Administrator's authority to provide care and treatment under this section.

Subsection (c) requires the Administrator to furnish a report on the operation of the program to the Committees on Veterans' Affairs of the Senate and House of Representatives by December 31, 1987.

Subsection (d) makes necessary clerical amendments to reflect that the program is no longer a pilot program. Section 204 would amend section 601(4) of title 38, United States Code, which defines the term "Veterans' Administration facilities" and authorizes the Administrator to contract for medical care in private facilities.

Section 601(4)(c)(v) currently authorizes the Administrator to contract for medical care outside of the contiguous 48 States. The limit to the amount of care that may be contracted for is ". . . that the annually determined hospital patient load and incidence of the provision of medical services to veterans hospitalized or treated at the expense of the Veterans' Administration in Government and private facilities in each such noncontiguous State shall be consistent with the patient load or incidence of the provision of medical services for veterans hospitalized or treated by the Veterans' Administration within the forty-eight contiguous States." This limit may be waived with respect to care contracted for in Puerto Rico and the Virgin Islands to "prevent hardship". This waiver authority is commonly referred to as the Administrator's "extraordinary authority". Under existing law, both the authority to contract for care of non-service-connected veterans outside of the 48 contiguous States, except for Alaska and Hawaii, and the Administrator's extraordinary authority expire on September 30, 1985.

Subsection (a) of section 204 would extend for 3 years the authority to contract for medical care for other than service-connected veterans in Puerto Rico and the Virgin Islands.

Subsection (b) would phase-out the Administrator's extraordinary authority to contract for such care in Puerto Rico. In fiscal year 1986 the amount of care in excess of the limit (defined in the bill as the "excess load") could not exceed 75 percent of the excess load contracted for in fiscal year 1985. In fiscal year 1987, the excess load could not exceed 50 percent of the 1985 excess load. In fiscal year 1988, there would be no excess load; the waiver or extraordi-

nary authority of section 601(4)(C)(v) would expire for Puerto Rico, but not for the Virgin Islands.

Section 205 would amend section 4118 of title 38, United States Code, which authorizes the Administrator of Veterans' Affairs to provide special pay to highly qualified physicians and dentists in addition to their regular pay. Subsection (a) would clarify the language of paragraph (4) of section 4118(e), which provides for a phase in of the special pay authority, and which was effective in 1975. Subsection (a) restates the rule as it has been applied by providing that entitlement to special pay commences when the physician is employed and enters into an agreement under this section.

Subsection (b) would amend section 4118(f), which deals with the consideration of special pay paid under this section in computation of Civil Service annuities of retired physicians and dentists. Under existing law, a physician or dentist who:

(1) Is a full-time employee,

(2) Has completed not less than 15 years of full-time service in the Department of Medicine and Surgery, and

(3) Elects to receive an annuity which commences on or after October 1, 1985,

is entitled to have one-half of any special pay paid after September 30, 1980, considered in the computation of such person's annuity. A physician or dentist who retires after October 1, 1990, is entitled to have all special pay after September 30, 1980, considered in the computation of his or her annuity. Subsection (b) would amend this provision by permitting the inclusion in average pay, for purposes of computing a Civil Service annuity, or an additional 10 percent of special pay for each additional year of service performed by an eligible employee between 1985 and 1990.

Subsection (c) would amend the eligibility restrictions for special pay set out in section 4118(a)(2). A physician or dentist who receives an annual performance rating of less than fully satisfactory would not be eligible for any special pay paid under this section.

Section 301 would authorize the Administrator of Veterans' Affairs to execute appropriate legal documents that are necessary to release the limitation on the use of land conveyed by the Administrator to the City of McKinney, Texas in 1965. Public Law 88-438 authorized the Administrator to convey the subject land, but only if its use was restricted to recreational purposes. Section 301 would repeal this limitation on use of the land.

Section 302 would direct the transfer of 3.42 acres of land located adjacent to the Veterans' Administration Medical Center in Phoenix, Arizona from the control and jurisdiction of the General Services Administration to the control and jurisdiction of the Veterans Administration. The transfer is to be made by the General Services Administration expeditiously, and no demand for compensation or reimbursement shall precede such transfer.

Section 303 would require the Administrator of Veterans' Affairs to conduct demonstration projects for the purpose of comparing the cost effectiveness and medical effectiveness of chiropractic care for veterans suffering from back problems and other so-called neuromusculoskeletal conditions. The Administrator is authorized to select the providers of chiropractic care to be furnished in the conduct of the authorized demonstration projects, and is required to

select three geographically-dispersed locations to carry out such projects. The Administrator is also required to consult with the Secretary of Defense concerning chiropractic demonstration projects authorized by section 632(b) of Public Law 98–525.

Subsection (b) requires the Administrator to consult with medical and scientific authorities in designing, conducting, and evaluating the demonstration projects. The Administrator is also required to ensure participation by practicing and teaching chiropractors in the design and evaluation of the projects. The Administrator is also required to ensure participation by practicing and teaching chiropractors in the design and evaluation of the projects. The Administrator is requied to submit a report to Congress on the results of the projects not later than October 1, 1988.

Section 304(a) would waive the waiting period imposed by section 210(b)(2) of title 38, United States Code, with respect to a reorganization of certain functions within the VA's Department of Medicine and Surgery. In the absence of this provision, the Administrator would be prohibited from taking any action to carry out the reorganization until October 1, 1985. Section 304(b) would amend section 210(b), pertaining to the Administrator's authority to organize the Veterans' Administration, by adding a new paragraph which would restrict the authority to reduce grades of VA employees. Under the proposed paragraph, the Administrator would be required to report to the Congress any plan to implement a systematic reduction in the number of employees at any grade level as a means of reducing the average salary cost of such employees. The required report would have to include a detailed plan and justification for the plan, including a determination by the Administrator that in the personnel area concerned, there are disproportionate numbers of VA employees at the grade levels to be reduced.

The Administrator would be required to submit data which compares grade and salary levels of the employees involved with grade and salary levels of employees who perform comparable functions in other Federal agencies and in non-Federal entities. The Administrator would be required to submit the requried report at least 90 days (not including any day on which either House of Congress is not in session) before implementing any grade reduction covered by this section. The Comptroller General of the United States is charged with reviewing the accuracy of the Administrator's determination and the data supporting it, and reporting his views and opinions on the same within 45 days after the Administrator submits the required report.

Section 305 would requrie the Administrator of Veterans' Affairs to change the status of the Veterans' Administration satellite outpatient clinic located in Toledo, Ohio to that of an independent clinic. It would also require the Administrator to ensure that adequate funding, within the funds available for operation of VA medical facilities, is provided for the efficient operation of the clinic.

Oversight Findings

Under the rules of the Committee on Veterans' Affairs, the Subcommittee on Hospitals and Health Care is vested with legislative and oversight jurisdiction over the provision of health care to eligi-

ble veterans and programs affecting the provision of such health care. As a result of hearings held on February 7, 1985, April 25, 1985, and May 2, 1985, the subcommittee concluded that there is justification for the enactment of the reported bill, and on May 2, 1985, recommended such legislation to the full committee.

No oversight findings have been submitted to the committee by the Committee on Government Operations.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

There follows the Congressional Budget Office cost estimate of H.R. 505, as amended.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 9, 1985.

Hon. G.V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: In response to your request, CBO has prepared the attached cost estimate for H.R. 505, the Veterans' Health Care Amendments of 1985, as ordered reported by the House Committee on Veterans' Affairs, May 7, 1985.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

With best wishes,

Sincerely,

JAMES L. BLUM
(For Rudolph G. Penner, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 505.
2. Bill title: Veterans' Health Care Amendments of 1985.
3. Bill status: As ordered by the House Committee on Veterans' Affairs, May 7, 1985.
4. Bill purpose: To improve the delivery of health care services by the Veterans Administration.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Function 700:					
Budget authority	61	70	75	9	10
Outlays	21	36	43	49	34
Function 600:					
Budget authority	0	0	0	0	0
Outlays	(1)	(1)	(1)	(1)	1
Net Budgetary Impact:					
Budget authority	61	70	75	9	10
Outlays	21	36	43	49	35

[1] Less than $500,000.

The cost of this bill would fall in budget functions 600 and 700.

Basis for estimate: The following section-by-section cost analysis only addresses those sections of the bill that could be expected to have a significant budgetary impact.

Section 101.—This section would authorize the VA to provide respite care to veterans who have been diagnosed as suffering from a chronic illness and who are receiving care in their own homes or in a VA-approved hospice program. Respite care is defined as intermittent or temporary hospital or nursing home care designed to provide relief to the caregiver.

It is not possible to determine with any precision the budgetary impact of this provision. Previous respite care proposals have been limited to veterans diagnosed as suffering from a terminal illness. With this limitation, neither VA nor CBO anticipate that respite care would be provided on such a scale as to result in a significant cost. Expanding the eligibility for respite care to any veteran with a chronic illness, however, could increase the scope of the program dramatically. The impact, in this case, would depend on the manner in which the VA chose to implement the provision. The agency has not yet determined how they would implement this proposal nor the size that a respite care program could be expected to attain under it.

Section 104.—This section would authorize the VA to transfer patients from VA nursing homes, domiciliaries, and hospital-based home care programs to private and community nursing homes. Under current law, such transfers can only be made from VA and Department of Defense hospitals.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated authorization level	5	6	7	8	9
Estimated outlays	5	6	7	8	9

This estimate assumes that there would be a 15 percent increase in community nursing home usage as a result of this provision. Since there is a waiting list for nearly all VA nursing home beds, however, the beds vacated through transfers would be filled by other veterans. Veterans waiting for nursing home beds are usually occupying more costly intermediate care beds in the interim. As a result, the increase in community nursing home costs would be partially offset by a reduction in the cost of intermediate care.

Section 105.—This section would expand the number of Geriatric Research, Education, and Clinical Centers (GRECCs) authorized by law from 15 to 25.

The VA currently operates 10 GRECCs. While the agency does plan some expansion in the number of GRECCs, they do not expect to reach their currently authorized ceiling of 15 until after 1990. Therefore, this increase in the authorized number of centers should have no effect on program operation within the projection period.

Section 107.—This section would extend for 3 years the authorization of appropriations for grants to states for the construction of state veterans' homes.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Authorization level	40	50	60	0	0
Estimated outlays	0	16	28	40	24

Funds were assumed to be appropriated at the full authorization levels stated in the bill. It was further assumed that states would apply for grants in sufficient numbers to utilize the full appropriation. Outlays were calculated according to historical spending patterns.

Section 203.—This section would extend for three years the authority of the VA to provide care under contract in community treatment facilities for alcohol and drug-abuse disorders. The current authority expires at the end of fiscal year 1985.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated authorization level	7	7	7	0	0
Estimated outlays	7	7	7	0	0

In fiscal year 1984, $5.4 million was expended on this activity and $6.1 million was appropriated for fiscal year 1985. This estimate assumes that there would be no further expansion in the program level through 1988. The 1985 appropriation level was increased for anticipated inflation to estimate the authorization levels in 1986–88. Based on program experience, the funds were assumed to outlay completely in the year of appropriation.

Section 204.—This section would extend for two years the authority to provide hospital care under contract to veterans in the Virgin Islands at levels in excess of the incidence of care provided in the 48 contiguous states. Similar extraordinary authority would also be continued for two years in Puerto Rico; however, the extent to which such care could be provided in Puerto Rico would be gradually reduced over the two year period.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated authorization level	8	6	0	0	0
Estimated outlays	8	6	0	0	0

The cost of extending the extraordinary authority to provide contract medical care in the Virgin Islands was estimated by increasing the actual cost in fiscal year 1984 for anticipated inflation.

According to data from the VA, the ratio of the patient load hospitalized at VA expense to the total veteran population in Puerto Rico was approximately 57 percent higher than the comparable ratio for the continental United States. This provision would re-

quire that this 57 percent excess patient load in Puerto Rico be reduced by 25 percent in 1986 and by 50 percent in 1987. It was assumed that the excess patient load in 1987 would actually be somewhat lower than the requirement in order to comply with the expiration of the authority by the end of that fiscal year, while minimizing discontinuities of care.

It was also assumed that care would be denied to veterans with the least medical need in reducing the total amount of contract care provided. It was, therefore, estimated that the cost of contract care in Puerto Rico would fall by only 50 percent when the patient load-to-population ratio is brought into line with that of the continental United States.

Section 205.—This section would modify the treatment of special pay to VA physicians and dentists in the computation of retirement annuities.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Civil Service Retirement Fund (function 600):					
Budget authority	0	0	0	0	0
Outlays					1

Under current law, VA doctors and dentists with 15 or more years of fulltime service can include 50 percent of their special pay in computing their civil service retirement benefits for annuities beginning after September 30, 1985. After 1990, 100 percent of special pay will be included in the computation. This bill would increase the percentage of special pay that could be included by 10 percentage points each year beginning with fiscal year 1987. Since the measure would enable physicians and dentists to receive higher annuities by postponing their retirements, it would be expected to slow the rate of retirement, at least in the first few years.

The following assumptions were employed in the development of this estimate:

Approximately 725 physicians and dentists would be affected.

About 50 percent of those retiring would have 15 or more years of full-time service.

The average length of service would be 25 years.

The average special pay received would be $14,845, based on actual VA data. No increase in special pay rates would be enacted before 1990.

Retirement rates under current law and under this provision would be as shown in the following table:

[By fiscal years, in percents]

	1986	1987	1988	1989	1990
Current law	6.0	5.0	4.0	2.0	2.0
Section 205	5.0	4.0	4.0	3.0	3.0

Section 302.—This section would require that certain real property in Phoenix, Arizona be transferred without compensation or reimbursement from the jurisdiction of the General Services Administration (GSA) to the jurisdiction of the VA.

The property addressed by this section was declared to be in excess of the needs of the VA in 1959 and was transferred to the GSA. The VA is currently negotiating with the GSA to repurchase the property, which has been appraised at approximately $2 million. Enactment of this provision would result in a savings to the VA of the purchase price of the property, but this saving would be offset by an equivalent cost to the GSA. Thus, the measure would have no net effect on the federal budget.

Section 303.—This section would direct the VA to conduct a demonstration project to determine the cost-effectiveness of providing chiropractic care in lieu of or in combination with medical care to veterans with neuromusculoskeletal conditions.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated authorization level	1	1	1	1	1
Estimated outlays	1	1	1	1	1

The language of this section specifies neither the scope, duration, nor expenditures intended to be devoted to this demonstration project. The VA maintains that the project would cost at least $7 million over three years. Committee staff, on the other hand, contend that the cost of the project could be limited to $500,000 a year. In light of this conflicting information, CBO has estimated the cost of the project at around $1 million per year.

6. Estimated cost to State and local governments: The budgets of some State governments would be affected by section 107, which would extend for 3 years the authorization of appropriations for grants to States for the construction of State veterans' homes. The participation by a State in this program is wholly voluntary. However, if a State chooses to participate, the State must fund at least 35 percent of the cost of constructing the State veterans' home. Since the program's inception in 1966, the average grant has been approximately $3.2 million. Thus, full funding of this authorization would enable the VA to provide between 40–50 grants.

7. Estimate comparision: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: K.W. Shepherd.

10. Estimate approved by: C.G. Nuckols, (James L. Blum, Assistance Director for Budget Analysis).

Committee Cost Estimate

The Committee agrees with the cost estimate submitted by the Congressional Budget Office.

Inflationary Impact Statement

The reported bill will have no inflationary impact in fiscal year 1986.

Agency Reports

The Committee received the following views from the Veterans' Administration on legislation similar to the reported bill.

Veterans' Administration,
Office of the Administrator of Veterans' Affairs,
Washington, DC, March 8, 1985.

Hon. G.V. (Sonny) Montogomery,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

Dear Mr. Chairman: I am pleased to respond to your request for the views of the Veterans' Administration on H.R. 505, 99th Congress, a bill "To amend title 38, United States Code, to improve the delivery of health care services by the Veterans' Administration."

The major provisions of the bill would:

Establish authority for a limited "respite care" program,

Establish a single standard of eligibility for domiciliary care,

Authorize VA to provide outpatient care to complete treatment following nursing home or domiciliary care,

Clarify and revise eligibility for community nursing home care, and

Authorize VA to expand the number of its geriatric, research, education, and clinical centers.

With the deletion of section 6 which would authorize expansion of the GRECC program, and revision of the bill's respite care provision, as discussed below, we would favor the enactment of H.R. 505. Such a revised bill would greatly assist the VA in managing the care of aging, chronically ill patients already in VA medical programs. VA could implement such a revised bill without incurring significant additional costs.

Section 2 of H.R. 505 would provide authority for VA to furnish "respite care" to vetreans presently eligible for VA hospital or nursing home care. The bill defines respite care to mean hospital or nursing home care provided in a VA facility on an intermittent or temporary basis to a veteran who has been diagnosed as suffering from a terminal illness and who is receiving care in the individual's home or in a hospice program under contract with the VA. This provision is troublesome in limiting respite care to the terminally ill. We believe that the authority to furnish respite care to chronically ill veterans could prove a valuable modality for avoiding or delaying prolonged, costly institutionalization. Limiting the scope of this provision to veterans whose illnesses are terminal, however, would seem to be unwarranted from either a medical or social perspective. The focus of respite care should be to ease the burden on those in the home caring for a chronically ill patient. In that connection, it is not clear how transferring a patient for brief periods from a hospice setting to a VA facility, as contemplated in the bill, fosters that purpose.

We believe the development of new VA health care programs is best approached on an experimental basis. Thus, although we do not favor section 2 of this bill, as introduced, we recommend that Congress enact legislation to authorize VA to provide respite care on a three-year pilot test basis for those chronically ill veterans who have the highest claim to VA services—service-connected disabled veterans—and that this care be provided at a limited number of facilities in conjunction with hospital-based home care (HBHC) programs. This pilot test, using existing funds, would include an evaluation to determine whether or not the program should be continued. In the near future we will submit a legislative proposal to provide such respite care authority.

If the respite care provisions of H.R. 505, as amended per our suggestion, are enacted, VA implementation is not anticipated to involve significant additional expenditures. Such care would be furnished in existing operating beds with placements based on local needs assessments and resource availability.

Section 3 of the bill would establish a single standard of eligibility for domiciliary care. As such, it would eliminate the substance of section 610(b)(1), a provision which sets a more demanding standard of eligibility for the service-connected veteran than for the nonservice-connected. We favor this provision. Its enactment would not result in additional costs.

Section 4 of the bill would authorize VA to provide limited outpatient treatment for veterans discharged from VA nursing home care units and domiciliaries. Under existing authority, the VA may furnish a veteran with a nonservice-connected disability outpatient care to complete treatment begun during VA hospitalization. Since patients in VA nursing home care units and domiciliaries would often have no direct eligibility for follow-up outpatient care, many of these patients remain institutionalized longer than necessary—often for prolonged periods—to complete their treatment. We favor the enactment of this provision. It would permit a more rational system for appropriately meeting our patients' medical needs. Not only would such authority help veterans make the transition from institutional to community placement but would also result in better utilization of facilities. If enacted, this provision would result in no additional costs to the VA since these medical services would be provided within planned resources.

Section 5 of the bill proposes a series of amendments to section 620 of title 38, under which VA administers its community nursing home care program. Section 5 would:

Clarify VA's authority to transfer patients from VA nursing home care units and domiciliaries to community nursing homes,

Provide an exception—for veterans requiring nursing care for a service-connected condition—to the six month limitation on the duration of VA-sponsored nursing home care,

Authorizing VA to admit directly into a contract nursing home for care any veteran who has been discharged from a VA hospital and who is a patient in a VA hospital-based home care program, and

Permit VA to make per diem payments under section 641 to States providing intermediate nursing care at the same rate as for skilled nursing care.

We favor the enactment of section 5. In general, it would improve our capability to treat our patients in the most appropriate modality. For example, under existing law, the VA's authority to place veterans requiring nursing home care for nonservice-connected conditions in community nursing homes is limited. Contract nursing home placements for such veterans may only be made on behalf of those individuals who require such care following VA hospitalization. These limitations preclude the VA from transferring to community nursing homes, patients who have been receiving home health services as well as patients in VA domiciliaries and nursing home units. Under current practices, when the condition of a patient receiving home health services under the VA's hospital-based home care program is found to require nursing home care, the patient is typically readmitted to a VA hospital and then transferred to a community nursing home. Enactment of section 5 would permit the transfer of HBHC patients directly to nursing home care consistent with the standard medical practice. Inasmuch as current medical and administrative practices do provide a means of placing recipients of home health services in community nursing homes when the need arises, enactment of this proposal would not entail additional costs. We favor the enactment of this provision as well as the proposed amendment authorizing VA to transfer patients from VA nursing home care units and domiciliaries to community nursing homes. Enactment of the amendment authorizing this transfer authority would enable VA to care for more patients at an appropriate level of care in VA nursing home units and domiciliaries because of the turnover from these community nursing home placements. We anticipate that enactment of this amendment would not result in additional costs. Care would be furnished within planned resources.

Section 5 would also provide helpful clarification of the duration of nursing home care afforded service-connected veterans. Provisions of law now permit unlimited community nursing home care to veterans for any condition following VA hospitalization, if that hospitalization is primarily for a service-connected disability. Veterans who are hospitalized for a nonservice-connected disability but who require care for their service-connected disabilities are restricted to six months' care. Likewise, veterans who are admitted to a contract nursing home directly from the community for a service-connected condition are limited to six months' care also. This poses a somewhat irrational distinction in access to care for service-connected veterans—providing unlimited care only to those who happen to have been hospitalized for their service-connected conditions prior to nursing home placement, and treating all others who require nursing home care for their service-connected conditions as if they were non-service-connected. We believe it is the intent of the Congress to provide unlimited nursing home care to veterans for their serviced-connected disabilities, and that the law should be amended to reflect that intention. The number of veterans who might be affected cannot be accurately estimated; however, it is felt to be limited and is considered to be insignificant in relation to

the overall program and its costs. We anticipate no significant costs resulting from enactment of this provision, since the program is budgeted on the basis of an annual census by average daily costs.

We also favor the proposed amendment of section 620(e) which seeks to resolve an issue regarding VA per diem payments under 38 U.S.C. § 641 to States providing nursing home care. Section 641 contains a single per diem rate for payment of nursing home care furnished eligible veterans in State Veterans Homes. Some States with State Veterans Homes recognized by the VA for nursing home care have obtained Medicare certification as a skilled nursing facility or Medicaid certification as a skilled or intermediate care facility, or both. A question could be raised whether payments for care in both types of facilities should be at the rate for nursing home care since the general definition in 38 U.S.C. 101(28) for nursing home care refers to patients who require skilled nursing care. The two terms, skilled nursing facility and skilled nursing care, and are not synonymous. The VA has, therefore, paid the existing nursing home rate, rather than the clearly inapproriate domiciliary care rate, for care provided in State home nursing homes which meet VA standards of care regardless of the designation of that facility as skilled or intermediate. We believe a technical amendment such as is proposed in section 5 would resolve this matter; thus, we favor this proposal. Enactment of this provision would not result in additional costs to VA.

Section 6 of the bill would authorize an expansion of the Geriatric Research, Education, and Clinical Centers (GRECC) program by authorizing the VA to establish and operate up to twenty-five centers. The VA presently operates ten such centers. We foresee no need at this time for additional legislative authority for this program, and do not favor enactment of section 6. Implementation of such a provision would entail five-year costs in excess of $21 million.

We have been advised by the Office of Management and Budget that there is no objection to the presentation of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

EVERETT ALVAREZ, Jr.,
Deputy Administrator
(For Harry N. Walters, Administrator).

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, DC, May 8, 1985.

Hon. G.V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I am pleased to respond to your request for the views of the Veterans Administration (VA) on H.R. 789, 99th Congress, a bill "To amend title 38, United States Code, to extend certain expiring veterans health care programs, and for other purposes." VA supports the major purposes of the bill, which are contained in our proposed legislation submitted to Congress March 27,

1985, which also requests the extension of other expiring health care authorities.

The first purpose of H.R. 789 is to extend for an additional three years, through September 30, 1988, VA's authority to conduct its pilot program to contract for care, treatment, and rehabilitation services in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities for eligible veterans suffering from alcohol or drug dependence or abuse disabilities. This authority is due to expire on September 30, 1985. This provision would also require VA to submit a report to the Senate and House Committees on Veterans' Affairs by December 31, 1987, on the operation of this program.

The second major purpose of this bill would extend through Fiscal Year 1989 VA's authority to provide grants to States for the acquisition, construction, remodeling, or renovation of State home facilities for furnishing hospital, domiciliary, and nursing home care for eligible veterans. This authority will expire at the end of Fiscal Year 1986.

Finally, H.R. 789 would eliminate the limitation in section 5035(d)(2) of title 38, which provides that no one State may receive in any fiscal year more than one-third of the amount appropriated in that fiscal year for grants to assist States in the acquisition or construction of State veterans' homes.

First, we strongly favor extending for an additional three years VA's authority to contract for treatment and rehabilitation of veterans suffering from alcohol and drug dependence in community facilities such as halfway houses.

A study mandated by Congress indicated that this contract authority has been and would continue to be a cost-effective method of supplement VA treatment and rehabilitation of certain veterans. As of the end of Fiscal Year 1984, 83 VA medical centers had contracts with 297 non-VA community-based programs, and 16,685 veterans had been outplaced for treatment in these contracted facilities. The program evaluation study revealed strongly encouraging follow-up measures of maintained sobriety, active roles in Alcoholics Anonymous, and increased employment and monthly income. There are sufficient data on the treatment benefits and cost-effectiveness of contracting for treatment and rehabilitation of these relapse-prone veterans to warrant continued authorization for such care.

VA favors section 3 of the bill, to extend the Agency's authority to make grants for State veterans home. However, we would request that this authority be extended for 5 more years—through fiscal year 1991—instead of a three-year extension as proposed by H.R. 789.

This grant program makes it possible to extend medical care to veterans beyond that which is provided in VA facilities by assisting States in the construction, acquisition, remodeling, or renovation of State home facilities. It is a cost-effective program in that Federal participation is limited to no more than 65 percent of the cost of any project. There are now State homes in 33 States. Nursing home care is provided in 42 homes, domiciliary care in 41 homes, and hospital care in 7 homes. From Fiscal Year 1966 through fiscal year 1984, approximately $150 million was obligated in support of

new nursing home care and domiciliary beds and for remodeling and modifying existing buildings. Seventy-nine percent of the funds have been used for bed-producing projects. The remainder has been used for remodeling and renovation.

We also favor, without any change, section 4 of this bill which would eliminate the limitation in section 5035(d)(2) of title 38, which provides that a State may not receive more than one-third of the amount appropriated in any fiscal year for State home construction grants. This limitation was enacted to prevent perceived abuses in the grant program. It was believed that a few States had received inequitably large grants. This limitation has not, however, prevented approval of any State home grant request. Because Congress typically permits funds appropriated for State home construction grants to remain available for three fiscal years, a large grant can be funded from more than one fiscal year's appropriation. As a result, the only effect of this limitation is to delay approval of large State home grant applications until enough money to fund the grant can be accumulated from different fiscal years' appropriations.

We estimate that the cost of extending the pilot alcohol and drug treatment program to be $6.1 million for Fiscal Year 1986 and each of the following two fiscal years. The estimated cost of grants to State homes is $22 million for Fiscal Year 1987 and each of the next two years. Enactment of section 4 of the bill should not result in any additional costs. Therefore, the total estimated costs of the bill are $6.1 million for Fiscal Year 1986 and $84.3 million for Fiscal Years 1986 through 1989. All of these costs are included in the President's budget for Fiscal Year 1986.

We appreciate your seeking our comments on this bill. Our bill meets the objectives of H.R. 789 as well as aiming to extend other expiring health care authorities.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

EVERETT ALVAREZ, Jr.,
Deputy Administrator
(For Harry N. Walters, Administrator).

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, DC, March 27, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: There is transmitted herewith a draft bill to amend title 38, United States Code, to extend the authority of the Veterans Administration (VA) to continue major programs whose continuity is vital in order that the VA will be able to meet its commitments to provide needed patient care. We request that the bill—the Veterans' Administration Health Programs Extensions

Act of 1985—be referred to the appropriate committee and enacted promptly.

First, this proposal would extend for an additional three years, through September 30, 1988, the VA's authority to provide contract hospital care, and outpatient care that will obviate the need for hospital admission, to certain veterans in Puerto Rico and the Virgin Islands. The VA has submitted reports to Congress regarding our planning for meeting the health care needs of these veterans. We envision the process of establishing an equitable mechanism for responding to the needs of veterans in Puerto Rico and the Virgin Islands to be a lengthy one. Therefore, we believe this three-year extension is needed to prevent any unnecessary hardship on veterans in Puerto Rico and the Virgin Islands and to give the VA and the Congress an adequate opportunity to achieve the mutual goals with respect to these veterans.

Second, this proposal would extend for three years, through September 30, 1988, the VA's pilot program to contract for care, treatment, and rehabilitative services in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities for eligible veterans suffering from alcohol or drug dependence or abuse disabilities. A study of the pilot program indicated that the contract authority has been and would continue to be a valuable, cost-effective modality to supplement VA treatment and rehabilitation of certain veterans.

Third, this proposal would extend for five years, through September 30, 1991, the authority of the President to enter into contracts with the Veterans Memorial Medical Center (VMMC) in the Philippines to provide payment for hospital care, including nursing home care, to United States veterans in that facility. This provision would also extend for five years the VA's authority to make grants annually to the VMMC for education and training of health-service personnel at that facility and for replacing and upgrading equipment and rehabilitating its physical plant and facilities.

The fourth major provision would extend the authority of the VA to provide grants to States for the acquisition, construction, remodeling, or renovation of State home facilities for furnishing hospital, domiciliary, and nursing home care for eligible veterans through fiscal year 1991. This program makes it possible to extend medical care to veterans beyond that which is provided in VA facilities by assisting States in the acquisition, construction, remodeling, or renovation of State home facilities. It is also cost-effective in that Federal participation is limited to no more than 65 percent of the cost of any one project.

Finally, this proposal would eliminate the limitation in section 5035(d)(2) of title 38, which provides that no one State may receive in any fiscal year more than one-third of the amount appropriated in that fiscal year for grants to assist States in the acquisition or construction of State veterans' homes. This limitation was enacted to prevent perceived abuses in the grant program, based on a belief that a few States were receiving inequitably large grants. This limitation has not, however, prevented the approval of any State home grant request. Because Congress typically permits funds appropriated for State home grants to remain available for three fiscal years, a large grant can be funded from more than one fiscal year's

appropriation. As a result, the only effect on this limitation is to delay approval of large State home grant applications until enough money to fund the grant can be accumulated from different fiscal years' appropriations.

We estimate the cost of this proposal to be $37.8 million for fiscal year 1986, and to entail five-year costs of approximately $159 million. These costs are included in the President's Fiscal Year 1986 budget. A more detailed analysis of this proposal is enclosed.

We were advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

EVERETT ALVAREZ, Jr.,
Deputy Administrator
(For Harry N. Walters, Administrator).

OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, DC, February 7, 1985.

Hon. G.V. (Sonny) MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR SONNY: This will respond to your January 11, 1985, letter, on behalf of Congressman Tom Vandergriff, in which you requested our views on removing the restriction on two parcels of land deeded by the VA to the City of McKinney, Texas, in 1965. The restriction, which was imposed by Public Law 88-438, requires that the property, totaling 38.741 acres, be used for recreational purposes.

As the VA no longer has a medical facility in McKinney, we are aware of no reasons why we should object to the lifting of the restriction. However, should legislation to accomplish this purpose be introduced, it would be necessary to coordinate our views on this matter within the Executive Branch, before any final position could be taken thereon.

Sincerely,

HARRY N. WALTERS, *Administrator.*

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, DC, August 20, 1984.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: There is transmitted herewith a draft bill "to amend title 38, United States Code, to enhance recruitment and retention by the Veterans' Administration of graduate and student nurse technicians," with the request that it be introduced and considered for enactment.

This draft bill would help the VA recruit and retain graduate and student nurse technicians in two ways. First, it would allow

graduate nurse technicians' appointments to exceed one year, which would mean they would be eligible for Government-sponsored health and life insurance. Currently, these nurses are appointed for one year or less and thus are not entitled to such insurance because it is provided only to employees appointed for more than one year. Private health care institutions, however, usually offer insurance to graduate nurse technicians. As a result, many nurses are attracted to private employment. Second, it would permit reappointments of student nurse technicians so that VA could appoint students earlier in their schooling and keep them employed until their graduation. This would enhance the likelihood that they would continue their nursing career with the VA. The law currently prohibits the VA from appointing these students for more than one year and from reappointing them.

The VA employs nursing school graduates as temporary full-time graduate nurse technicians until they are registered as graduate nurses by a state board of nursing. Their appointments are authorized by 38 U.S.C. § 4114(a)(1)(A) and are prohibited by the same subsection from exceeding one year. If state board registration is granted, these technicians are offered full-time nurse appointments. Graduate nurse technicians, however, are not eligible to obtain Government-sponsored health and life insurance because such insurance is not available to employees whose appointments are limited to one year or less. 5 C.F.R. §§ 870.202(a)(1), 890.102(c)(1) (1983). In order to have health and life insurance coverage, graduate nurse technicians who work for the VA must purchase it themselves. Having graduated from nursing school, they can no longer obtain insurance coverage from their school. In contrast with VA, private health care institutions generally offer a benefits package (including health and life insurance) to their graduate nurse technicians. By enabling VA to do the same, the proposed legislation would enhance VA's ability to compete successfully with these institutions in recruiting graduate nurse technicians.

The VA employs nursing school students as students nurse technicians under 38 U.S.C. § 4114(a)(1)(A). They are normally given part-time appointments during the school year and temporary full-time appointments in the summer. Hiring student nurse technicians has helped meet VA's nursing care needs and has permitted the VA to attract promising students to nursing careers in the VA. Currently, VA hires many student nurse technicians more than one year in advance of their graduation from nursing school. By law, neither part-time nor full-time temporary student nurse technicians may be appointed for more than one year. 38 U.S.C. § 4114(a)(3)(A)–(B). This law prohibits reappointments after one year of part-time and full-time temporary appointments. (The total length of time of a student's part-time and full-time temporary appointments is added for purposes of this prohibition.) Student nurse technicians who have not graduated after serving one year of part-time and full-time temporary appointments are thus forced to leave the VA. They usually are able to find employment with a private health care provider. By enabling the VA to employ these students until their graduation, the draft bill would give the VA a better chance of attracting them to a nursing career with the VA.

The draft bill would not repeal the one-year limitation upon student nurse technician appointments. These students would thus not be eligible for Government-sponsored health and life insurance. Normally, they can obtain insurance through their schools.

If enacted, this proposal would not result in a significant cost to the VA.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this legislative proposal to the Congress from the standpoint of the Administration's program.

Sincerely,

EVERETT ALVAREZ, Jr.,
Deputy Administrator
(For Harry N. Walters, Administrator).

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, DC, February 1, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: The purpose of this letter is to report a planned adminsitrative reorganization within the Veterans Administration (VA) involving the transfer of certain functions from the Veterans Administration Prosthetics Center (VAPC) in New York City to a new Prosthetics Assessment and Information Center (PAIC) in the Washington, D.C. area.

We are also transmitting herewith and recommending enactment of proposed legislation which would permit the VA to implement the prosthetics reorganization prior to the beginning of the next fiscal year.

As you are aware, under the Congressional "report and wait" requirements of 38 U.S.C., Section 210(b)(2), a detailed plan and justification must be submitted to the appropriate committees of Congress for certain VA administrative reorganizations involving a reduction during any fiscal year by ten percent or more in the number of full time equivalent employees (FTEE) at a VA covered office or facility. The report must be made not alter than the date on which the President submits his budget for the upcoming fiscal year. Thereafter, no action can be taken to implement the reorganization until the first day of that fiscal year. This letter and the detailed enclosures are submitted in order to satisfy the above reporting requirements regarding the prosthetics reorganization.

Much of the VA prosthetics reorganization has already been cleared under the above statutory requirement. However, because this VAPC reorganization has not previously been reported to Congress, implementation of this aspect of the overall plan cannot begin prior to fiscal eyar 1986 under the "report and wait" restrictions of 38 U.S.C. Section 210(b)(2). In order to begin implementation of the VAPC reorganization immediately, and thereby realize the expected improvement in the provision of the VAPC functions much sooner, the Agency recommends enactment of a legislative

waiver of the waiting period. A proposed bill to accomplish this purpose is enclosed.

Currently, administration of the major elements of the prosthetics program is divided between two Assistant Chief Medical Directors in Central Office, the ACMD for Professional Services and the ACMD for Research and Development. The overall reorganization will consolidate administration of all prosthetics activities, including rehabilitation research, in Professional Services, under the direct control of a new Deputy Assistant Chief Medical Director for Prosthetics Services, Research and Development. This will improve the provision of prosthetics service by providing an appropriate focus, centralized guidance, and improved coordination of prosthetics activities.

The planned, new PAIC, located in the Washington, D.C. area, will be responsible for managing and coordinating all prosthetics administration, testing, evaluation, and information dissemination. This Center will: test and evaluate new commercially-available devices and procedures; prepare and disseminate informational material and program guides regarding testing prosthetics and sensory aids; and provide technical information and assistance. As indicated above, the missions of the PAIC will replace those of the Technology and Performance Evaluation Section and the Information and Education Service, both now located at the VAPC in New York. Locating the PAIC in the Washington, D.C. area will facilitate direct control and coordination of PAIC's mission from VA Central Office. The positions to staff the PAIC will come from 24 FTEE positions now allocated to the VAPC for these functions.

A more detailed summary of the overall reorganization of prosthetics services within the VA is enclosed. The Agency would be pleased to provide any additional information which may be desired concerning this reorganization.

The Office of Management and Budget advises that there is no objection to the submission of this proposal from the standpoint of the administration's program.

Sincerely,

HARRY N. WALTERS, *Administrator.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

* * * * * * *

CHAPTER 3—VETERANS' ADMINISTRATION; OFFICERS AND EMPLOYEES

* * * * * * *

Subchapter II—Administrator of Veterans' Affairs

§ 210. Appointment and general authority of Administrator: Deputy Administrator

(a) * * *
(b)(1) * * *

* * * * * * *

(3)(A) The Administrator may not in any fiscal year implement a grade reduction described in subparagraph (B) of this paragraph unless the Administrator first submits to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report containing a detailed plan for such reduction and the justification for a plan, including a determination by the Administrator, together with data supporting such determination, that, in the personnel area concerned, the Veterans' Administration has a disproportionate number of employees at the salary grade or grades selected for reduction in comparison to the number of such employees at the salary levels involved who perform comparable functions in other departments and agencies of the Federal Government and in non-Federal entities. Any such report shall be submitted not later than the beginning of a period of 90 calendar days (not including any day on which either House of Congress is not in session) before the implementation of any proposed grade reduction.

(B) A grade reduction referred to in subparagraph (A) of this paragraph is a systematic reduction, for the purpose of reducing the average salary cost for Veterans' Administration employees performing certain functions, in the number of Veterans' Administration employees at any specific grade level who perform those functions.

(C) Not later than the forty-fifth day after the Administrator submits a report pursuant to subparagraph (A) of this paragraph, the Comptroller General of the United States shall submit to such committees a report on the Administrator's compliance with such subparagraph. The Comptroller General shall include in the report the Comptroller General's opinion as to the accuracy of the Administrator's determination (and of the data supporting such determination) made pursuant to such subparagraph.

PART II—GENERAL BENEFITS

* * * * * * *

CHAPTER 17—HOSPITAL, NURSING HOME, DOMICILIARY, AND MEDICAL CARE

SUBCHAPTER I—GENERAL

Sec.
601. Definitions.
602. Presumption relating to psychosis.

SUBCHAPTER II—HOSPITAL, NURSING HOME OR DOMICILIARY CARE AND MEDICAL TREATMENT

610. Eligibility for hospital, nursing home, and domiciliary care.
611. Care during examinations and in emergencies.

612. Eligibility for medical treatment.
612A. Eligibility for readjustment counseling and related mental health services.
613. Medical care for survivors and dependents of certain veterans.
614. Fitting and training in use of prosthetic appliances; seeing-eye dogs.
615. Tobacco for hospitalized veterans.
616. Hospital care by other agencies of the United States.
617. Invalid lifts and other devices.
618. Therapeutic and rehabilitative activities.
619. Repair or replacement of certain prosthetic and other appliances.
620. Transfers for nursing home care; adult day health care.
[620A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities; pilot program.]
620A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities.

* * * * * * *

Subchapter I—General

§ 601. Definitions

For the purposes of this chapter—
(1) * * *

* * * * * * *

(4) The term "Veterans' Administration facilities" means—
(A) facilities over which the Administrator has direct jurisdiction;
(B) Government facilities for which the Administrator contracts; and
(C) private facilities for which the Administrator contracts when facilities described in clause (A) or (B) of this paragraph are not capable of furnishing economical care because of geographical inaccessibility or of furnishing the care or services required in order to provide (i) hospital care or medical services to a veteran for the treatment of a service-connected disability or a disability for which a veteran was discharged or released from the active military, naval, or air service; (ii) medical services for the treatment of any disability of a veteran described in clause (1)(B) or (2) of the first sentence, or in the third sentence, of section 612(f) of this title or of a veteran described in section 612(g) of this title if the Administrator has determined, based on an examination by a physician employed by the Veterans' Administration (or, in areas where no such physician is available, by a physician carrying out such function under a contract or fee arrangement), that the medical condition of such veteran precludes appropriate treatment in facilities described in clauses (A) and (B) of this paragraph; (iii) hospital care or medical services for the treatment of medical emergencies which pose a serious threat to the life or health of a veteran receiving medical services in a facility described in clause (A) or (B) of this paragraph until such time as the veteran can be safely transferred to any such facility; (iv) hospital care for women veterans; (v) hospital care, or medical services that will obviate the need for hospital admission, for veterans in a State not contiguous to the forty-eight contiguous States, except that the annually determined hospital patient load and incidence of the provision of medical services to veterans hospi-

talized or treated at the expense of the Veterans' Administration in Government and private facilities in each such noncontiguous State shall be consistent with the patient load or incidence of the provision of medical services for veterans hospitalized or treated by the Veterans' Administration within the forty-eight contiguous States, but the authority of the Administrator under this subclause (except with respect to Alaska and Hawaii) shall expire on September 30, [1985] *1987*, and until such date the Administrator may, if necessary to prevent hardship, waive the applicability [to the Commonwealth of Puerto Rico and] to the Virgin Islands of the restrictions in this subclause with respect to hospital patient loads and incidence of provision of medical services; or (vi) diagnostic services necessary for determination of eligibility for, or of the appropriate course of treatment in connection with, the provision of medical services at independent Veterans' Administration outpatient clinics to obviate the need for hospital admission.

In the case of any veteran for whom the Administrator contracts to provide treatment in a private facility pursuant to the provisions of this paragraph, the Administrator shall periodically review the necessity for continuing such contractual arrangement pursuant to such provision.

* * * * * * *

(9) The term "respite care" means care furnished by a Veterans' Administration facility on an intermittent or temporary basis to a veteran who has been diagnosed as suffering from a chronic illness and who is receiving care in the individual's home or in a hospice program which has entered into a cooperative agreement with the Veterans' Administration to provide appropriate care for the veteran.

* * * * * * *

Subchapter II—Hospital, Nursing Home or Domiciliary Care and Medical Treatment

§ 610. Eligibility for hospital, nursing home, and domiciliary care

(a) The Administrator, within the limits of Veterans' Administration facilities, may furnish hospital care [or nursing home care], *nursing home care, or respite care* which the Administrator determines is needed to—

(1)(A) any veteran for a service-connected disability; or

(B) any veteran for a non-service-connected disability if such veteran is unable to defray the expenses of necessary hospital or nursing home care;

(2) a veteran whose discharge or release from the active military, naval, or air service was for a disability incurred or aggravated in line of duty;

(3) a person (A) who is in receipt of, or but for the receipt of retirement pay would be entitled to, disability compensation, or (B) who, but for a suspension pursuant to section 351 of this title (or both such a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the

extent that such person's continuing eligibility for such care is provided for in the judgment or settlement described in such section;

(4) a veteran who is a former prisoner of war;

(5) a veteran who meets the conditions of subsection (e) of this section; and

(6) any veteran for a non-service-connected disability if such veteran is sixty-five years of age or older.

[(b) The Administrator, within the limits of Veterans' Administration facilities, may furnish domiciliary care to—

[(1) a veteran who was discharged or released from the active military, naval, or air service for a disability incurred or aggravated in line of duty, or a person who is in receipt of disability compensation, when such person is suffering from a permanent disability or tuberculosis or neuropsychiatric ailment and is incapacitated from earning a living and has no adequate means of support; and

[(2) a veteran who is in need of domiciliary care if such veteran is unable to defray the expenses of necessary domiciliary care.]

(b) The Administrator, within the limits of Veterans' Administration facilities, may furnish domiciliary care to a veteran who is in need of domiciliary care if such veteran is unable to defray the expenses of necessary domiciliary care.

* * * * * * *

§ 612. Eligibility for medical treatment

(a) * * *

* * * * * * *

(f) The Administrator, within the limits of Veterans' Administration facilities, may furnish medical services for any disability on an outpatient or ambulatory basis—

(1) to any veteran eligible for hospital care under section 610 of this title (A) where such services are reasonably necessary in preparation for, or (to the extent that facilities are available) to obviate the need of, hospital admission, or (B) where such a veteran has been furnished hospital care, *nursing home care, or domiciliary care* and such medical services are reasonably necessary to complete treatment incident to such [hospital] care (for a period not in excess of twelve months after discharge from [in-hospital] *such* treatment, except where the Administrator finds that a longer period is required by virtue of the disability being treated);

* * * * * * *

§ 620. Transfers for nursing home care

(a) Subject to subsection (b) and except as provided in subsection (e) of this section, the Administrator may transfer—

(1) Any veteran who has been furnished *hospital care, nursing home care, or domiciliary* care by the Administrator in a [hospital] *facility* under the direct jurisdiction of the Administrator, and

(2) Any person (A) who has been furnished care in any hospital of any of the Armed Forces, (B) who the appropriate Secretary concerned has determined has received maximum hospital benefits but requires a protracted period of nursing home care. and (C) who upon discharge therefrom will become a veteran to any public or private institution not under the jurisdiction of the Administrator which furnishes nursing home care, for care at the expense of the United States, only if the Administrator determines that—

(i) such veteran has received maximum benefits from such care [in such hospital], but will require a protracted period of nursing home care which can be furnished in such institution, and

(ii) the cost of such nursing home care in such institution will not exceed 45 percent of the cost of care furnished by the Veterans' Administration in a general hospital under the direct and exclusive jurisdiction of the Administrator, as such cost may be determined annually by the Administrator, or not to exceed 50 percent of such cost where determined necessary by the Administrator, upon recommendation of the Chief Medical Director, to provide adequate care.

Nursing home care may not be furnished pursuant to this section at the expense of the United States for more than six months in the aggregate in connection with any one transfer, except (I) in the case of the veteran whose hospitalization was primarily for a service-connected disability, [or (II)] *(II) where such nursing home care is required for the treatment of a veteran's service-connected disability; or (III)* where in judgment of the Administrator a longer period is warranted in the case of any other veteran. Any veteran who is furnished care by the Administrator in a hospital in Alaska or Hawaii may be furnished nursing home care under the provisions of this section even if such hospital is not under the direct jurisdiction of the Administrator.

* * * * * * *

(d) Subject to subsection (b) of this section, the Administrator may authorize for any veteran requiring nursing home care for a service-connected disability direct admission for such care at the expense of the United States to any public or private institution not under the jurisdiction of the Administrator which furnishes nursing home care. *The Administrator may also authorize such a direct admission for any veteran who has been discharged from a hospital under the direct jurisdiction of the Veterans' Administration and who is currently receiving home health services under a Veterans' Administration hospital-based home care program.* Such admission may be authorized upon determination of need therefor by a physician employed by the Veterans' Administration or, in areas where no such physician is available, carrying out such function under contract or fee arrangement based on an examination by such physician. The amount which may be paid for such care and the length of care available under this subsection shall be the same as authorized under subsection (a) of this section.

(e) For the purposes of this section *and for the purpose of section 641 of this title,* the term "nursing home care" includes intermedi-

ate care, as determined by the Administrator in accordance with regulations which the Administrator shall prescribe. The cost of intermediate care for purposes of payment by the United States pursuant to subsection (a)(ii) of this section shall be determined by the Administrator except that the rate of reimbursement shall be commensurately less than that provided for nursing home care (as defined in section 101(28) of this title).

* * * * * * *

[§ 620A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities; pilot program] ***§ 620A. Treatment and rehabilitation for alcohol or drug dependence or abuse disabilities***

(a)(1) The Administrator, in furnishing hospital, nursing home, and domiciliary care and medical and rehabilitative services under this chapter, **[**may conduct a pilot program under which the Administrator**]** may contract for care and treatment and rehabilitative services in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities for eligible veterans suffering from alcohol or drug dependence or abuse disabilities. **[**Such pilot program shall be planned, designed, and conducted by the Chief Medical Director, with the approval of the Administrator, so as to demonstrate any medical advantages and cost effectiveness that may result from furnishing such care and services to veterans with such disabilities in contract facilities as authorized by this section, rather than in facilities over which the Administrator has direct jurisdiction.**]**

* * * * * * *

(e) The Administrator may not furnish care and treatment and rehabilitative services under subsection (a) of this section **[**after the last day of the fifth fiscal year following the fiscal year in which the pilot program authorized by such subsection is initiated.**]** *after September 30, 1988.*

[(f) Not later than March 31, 1984, the Administrator shall report to the Committees on Veterans' Affairs of the Senate and House of Representatives on the findings and recommendations of the Administrator pertaining to the operation through September 30, 1983, of the pilot program authorized by this section.**]**

(f) Not later than December 31, 1987, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the operation of the program authorized by this section.

* * * * * * *

PRT V—BOARDS AND DEPARTMENTS

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CHAPTER 73—DEPARTMENT OF MEDICINE AND SURGERY

* * * * * * *

Subchapter I—Organization: General

§ 4101. Functions of Department

(a) * * *

* * * * * * *

(f)(1)(A) The Administrator, upon the recommendation of the Chief Medical Director and pursuant to the provisions of this subsection, shall designate not more than [fifteen] *25* Veterans' Administration health-care facilities as the locations for centers of geriatric research, education, and clinical activities and (subject to the appropriation of sufficient funds for such purpose) shall establish and operate such centers at such locations in accordance with this subsection.

* * * * * * *

§ 4114. Temporary full-time, part-time, and without compensation appointments: residencies or internships

(a)(1) * * *

* * * * * * *

(3)(A) Temporary full-time appointments of physicians, dentists, podiatrists, optometrists, nurses, physician assistants, and expanded-function dental auxiliaries may exceed ninety days only if the Chief Medical Director finds that circumstances render it impracticable to obtain the necessary services through appointments under paragraph (1) of section 4104 of this title. Temporary full-time appointments of persons who have successfully completed a full course of nursing in a recognized school of nursing, approved by the Administrator, and are pending registration as a graduate nurse in a State, [shall not] *may* exceed one year. Temporary full-time appointments of other personnel shall not exceed one year.

* * * * * * *

(C) Any individual other than a student nurse technician who receives an appointment that is limited by this section to one year may not be reappointed.

* * * * * * *

§ 4118. Special pay for physicians and dentists

(a)(1) * * *

(2) Special pay may not be paid under this section to any physician or dentist who—

(A) is employed on less than a half-time or intermittent basis,

(B) occupies an internship or residency training position, [or]

(C) is a reemployed annuitant[.], *or*

(D) receives a performance rating of less than fully satisfactory.

* * * * * * *

(e)(1) * * *

* * * * * * *

[(4)(A) Any physician or dentist who is employed in the Department of Medicine and Surgery before October 13, 1975, and who enters into an agreement under this section during the forty-five-day period beginning on October 22, 1975, is entitled to special pay beginning on October 12, 1975.

[(B) Any physician or dentist who becomes employed in the Department of Medicine and Surgery after October 12, 1975, and who enters into an agreement under this section before the close of the forty-five-day period beginning on October 22, 1975, is entitled to special pay beginning on the date on which the physician or dentist becomes employed.

[(C) Any physician or dentist who becomes employed in the Department of Medicine and Surgery after the close of the forty-five-day period beginning on October 22, 1975, or who does not enter into any agreement under this section before the close of such 45-day period, and who thereafter enters into an agreement under this section is entitled to special pay beginning on the date on which the agreement is entered into, or the date on which the physician or dentist becomes employed, whichever date is later.]

(4) A physician or dentist who becomes employed in the Department of Medicine and Surgery and who thereafter enters into an agreement under this section is entitled to special pay beginning on the date on which the agreement is entered into, or the date on which the physician or dentist becomes employed, whichever date is later.

(f)(1) Except as provided in paragraph (2) of this subsection, any additional compensation provided as special pay under this section shall not be considered as basic pay for the purposes of subchapter VI and section 5595 of chapter 55, chapter 81 or 83 of title 5, or other benefits related to basic pay.

[(2) Additional compensation paid as special pay under this section after September 30, 1980 to any full-time employee shall be included in basic pay for purposes of chapter 83 of title 5. Notwithstanding the preceding sentence, special pay paid to any full-time employee after September 30, 1980, shall be included in average pay, as defined in section 8331(4) of such title, for the purposes of computing annuity under such chapter only if—

[(A) the annuity is paid under section 8337 of title 5 or under subsection (d) or (e) of section 8341 of such title: or

[(B) the employee has completed not less than 15 years of fulltime service in the Department of Medicine and Surgery (except that, regardless of the length of such employee's service, no special pay may be included in average pay in computing an annuity that commences before October 1, 1985, and only one-half of any special pay paid after September 30, 1980, may be included in average pay in computing an annuity that commences on or after October 1, 1985, but before October 1, 1990).]

(2) Except as provided in paragraph (4) of this subsection, additional compensation paid as special pay under this section after Sep-

tember 30, 1980, to a full-time employee shall be included in basic pay for purposes of chapter 83 of title 5.

* * * * * * *

(4)(A) Except as provided in subparaagraph (B) of this paragraph, special pay paid to a full-time employee after September 30, 1980, shall be included in average pay (as defined in section 8331(4) of title 5) for the purposes of computing an annuity under such chapter only if—

(i) the annuity is paid under section 8337 of such title or under subsection (d) or (e) of section 8341 of such title; or

(ii) the employee has completed not less than 15 years of full-time service in the Department of Medicine and Surgery.

(B) Special pay may not be included in average pay in computing an employee's annuity that commences before October 1, 1985. Special pay paid after September 30, 1980, shall be included in average pay in computing an annuity that commences on or after October 1, 1985, as follows:

(i) 50 percent of such special pay shall be included in computing an annuity that commences after September 30, 1985.

(ii) 60 percent of such special pay shall be included in computing an annuity that commences after September 30, 1986.

(iii) 70 percent of such special pay shall be included in computing an annuity that commences after September 30, 1987.

(iv) 80 percent of such special pay shall be included in computing an annuity that commences after September 30, 1988.

(v) 90 percent of such special pay shall be included in computing an annuity that commences after September 30, 1989.

(iv) 100 percent of such special pay shall be included in computing an annuity that commences after September 30, 1990.

* * * * * * *

PART VI—ACQUISITION AND DISPOSITION OF PROPERTY

* * * * * * *

CHAPTER 81—ACQUISITION AND OPERATION OF HOSPITAL AND DOMICILIARY FACILITIES: PROCUREMENT AND SUPPLY

* * * * * * *

Subchapter I—Acquisition and Operation of Medical Facilities

* * * * * * *

§ 5004. Congressional approval of certain medical facility acquisitions

(a) In order to ensure the equitable distribution of medical facilities throughout the United States, taking into consideration the comparative urgency of the need for the services to be provided in the case of each particular facility—

(1) no appropriation may be made for construction, alteration, or acquisition (not including exchanges) of any medical facility which involves a total expenditure of more than $2,000,000 unless *(A)* each committee has first adopted a resolution approving such construction, alteration, or acquisition and setting forth the estimated cost thereof, *(B) the appropriation law making the appropriation specifies the medical facility for which the appropriation is made and the amount appropriated for the project, and (C) the amount appropriated for the project (when added to any amount previously appropriated for the project) does not exceed the estimated cost of the project as set forth in the pertinent committee resolutions*; and

* * * * * * *

Subchapter III—State Home Facilities for Furnishing Domiciliary, Nursing Home, and Hospital Care

§ 5031. Definitions

For the purpose of this subchapter—

[(a)] *(1)* The veteran population of each State shall be determined on the basis of the latest figures certified by the Department of Commerce.

[(b)] *(2)* The term "State" does not include any possession of the United States

[(c)] *(3)* The term "construction" means the construction of new domiciliary or nursing home buildings, the expansion, remodeling, or alteration of existing buildings for the provision of domiciliary, nursing home, or hospital care in State homes, and the provision of initial equipment for any such buildings.

* * * * * * *

§ 5033. Authorization of appropriations

[(a) There is hereby authorized to be appropriated $15,000,000 for fiscal year 1980 and such sums as may be necessary for fiscal year 1981 and for each of the five succeeding fiscal years. Sums appropriated pursuant to this section shall be used for making grants to States which have submitted, and have had approved by the Administrator, applications for carrying out the purposes and meeting the requirements of this subchapter.]

(a)(1) There is authorized to be appropriated to the Administrator for grants under this section—

(A) the sum of $40,000,000 for fiscal year 1986;

(B) the sum of $50,000,000 for fiscal year 1987; and

(C) the sum of $60,000,000 for fiscal year 1988.

(2)(A) The Administrator shall submit each year to the Committees on Veterans' Affairs of the Senate and House of Representatives a report concerning the operation of this section during the preceding and current fiscal year.

(B) Each such report shall include—

(i) a list of those States that have submitted materials to the Administrator that the Administrator considers to be a preap-

plication for a grant under this subchapter and for which a grant has not been made; and

(ii) the Administrator's recommendations as to the relative priority to be given to each project for which such a preapplication had been received.

(2) Each report under this subsection for a fiscal year shall be submitted at the same time that the President's budget for the next fiscal year is submitted to Congress.

* * * * * * *

§ 5035. Applications with respect to projects: payments

(a) * * *

* * * * * * *

[(b) The Administrator shall approve any such application if the Administrator finds that—

[(1) there are sufficient funds available to make the grant requested with respect to such project,

[(2) such grant does not exceed 65 percent of the estimated cost of construction (or of the estimated cost of facility acquisition and construction) of such project,

[(3) the application contains such reasonable assurances under subsection (a) of this section as the Administrator may determine to be necessary, and

[(4) the plans and specifications for such project are in accord with regulations prescribed pursuant to section 5034(2) of this title and that the carrying out of such project, together with other projects under construction and other facilities, will not result in more than the number of beds prescribed by the Administrator pursuant to section 5034(1) of this title for the State in which such project is located being available for furnishing nursing home care to veterans in such State.]

(b)(1) Upon receipt of material from a State that the Administrator considers to constitute a preapplication for a grant under this subchapter, the Administrator shall determine—

(A) whether the project for which the grant is proposed generally meets the requirements of this subchapter; and

(B) the need for the project described in the preapplication relative to the need for projects described in other such preapplications that have been received by the Administrator.

(2) In determining the relative need for a project described in such a preapplication, the Administrator shall consider—

(A) the projected number of veterans who may apply for admission to the facility over the facility's useful life;

(B) the presence of Veterans' Administration facilities in the geographic area of the proposed project (including Veterans' Administration facilities in adjacent States) that may be available to provide nursing home or domiciliary care to such veterans;

(C) the number of other facilities in the geographic area of the proposed facility that may be available to provide nursing home or domiciliary care to such veterans; and

(D) such other matters as the Administrator considers appropriate.

(3) Upon receipt of an application for a grant under subsection (a) of this section, the Administrator—

(A) shall determine whether the application meets the requirements of this section and of the regulations prescribed under section 5034 of this title; and

(B) shall notify the State submitting the application whether the application conforms with those requirements and, if it does not, of the actions necessary to bring the application into conformance with those requirements.

(4) After determining the relative need for a project with respect to which an application for assistance under this subchapter has been submitted, the Administrator, subject to paragraph (5) of this subsection, may approve the amount of assistance applied for in the application in whole or in part.

(5) An application for assistance under this subchapter may not be approved unless the Administrator determines—

(A) that the project meets the standards prescribed under section 5034(2) of this title; and

(B) that completion of the project, when considered together with other facilities for which grants have been made under this subchapter and other facilities, would not result in there being in the State concerned a number of beds available for the furnishing of nursing home care to veterans in that State more than the number of beds prescribed by the Administrator under section 5034(1) of this title for that State.

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(d)[(1) Upon approving an application under this section, the Administrator shall certify to the Secretary of the Treasury the amount of the grant so approved, but in no event an amount greater than 65 percent of the estimated cost of construction (or of the estimated cost of facility acquisition and construction) of the project, and shall designate the appropriation from which it shall be paid. Such certification shall provide for payment] *The amount of a grant under this subchapter shall be paid* to the applicant or, if designated by the applicant, the State home for which such project is being carried out or any other agency or instrumentality of the applicant. Such amount shall be paid, in advance or by way of reimbursement, and in such installments consistent with the progress of the project as the Administrator may determine and certify for payment to the Secretary of the Treasury. Funds paid under this section for an approved project shall be used solely for carrying out such project as so approved.

[(2) No one State may receive in any fiscal year in the aggregate under this subchapter more than one-third of the amount appropriated for carrying out this subchapter in such fiscal year.]

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